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

شركة مصفاة البترول الأردنية المساهمة المحدودة
عمـــان
المملكة الأردنية الهاشمية

Ref.: ....
Date: ....

الرقم : 3411/1/1/51/25/2
التاريخ : 2020/6/14

معالي رئيس هيئة الأوراق المالية الأكرم

الموضوع : الإفصـــــاح

تحيـــة طيبـــة وبعـــد ،،،

لاحقاً لكتابنا رقم 2674/1/1/51/25/2 تاريخ 2020/5/14 وبالإشارة إلى تعليمات إفصاح الشركات المصدرة والمعايير المحاسبية ومعايير التدقيق يسرنا أن نرفق لمعاليكم القوائم المالية الموحدة للسنة المنتهية في 31 كانون الأول 2019 مع تقرير مدقق الحسابات المستقل باللغة الإنجليزية.

وتفضلــوا بقبـــول فائـــق الإحتـــرام ،،،

المهندس عبد الكريم علاوين

الرئـــــيس الـــتنفـــــيذي

بورصة عمان
الدائـرة الإدارية والمالية
الديـــوان
١٤ حزيران ٢٠٢٠
الرقم المتسلسل: ١٨٤٦
رقم الملف: ٤٢٠٤١
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JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2019

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Independent Auditor's Report

AM / 000573

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

Qualified Opinion

We have audited the consolidated financial statements for Jordan Petroleum Refinery Company (The "Company") and its subsidiaries (The "Group"), which comprise from the consolidated statement of financial position as of December 31, 2019, and the consolidated statements of profit or loss and comprehensive income, statement of changes in owners' equity and statement of cash flows for the year ended, and the notes related to the consolidated financial statements, including a summary for the significant accounting policies.

In our opinion, except for the effects and the possibility of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements are presented fairly, in all material respects, the financial position of the Group as of December 31, 2019, and for its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

1. Receivables and other debit balances and payables and other credit balances, which are carried in the consolidated statement of financial position, which includes an amount owing from the Ministry of Finance JD 211,997,358 and amounts owing to the Ministry of Finance of JD 137,634,412 respectively, we were unable to obtain sufficient appropriate audit evidence about the carrying value of the amount owing from the Ministry of Finance and the owing amount to the Ministry of Finance for year 2019, because we were unable to confirm the amount with the Ministry of Finance, nor were we able to perform any alternative audit procedure, we were unable to determine whether any adjustments to these amounts were necessary, although our opinion in the prior year was qualified regarding this matter, we were able to obtain sufficient appropriate audit evidence about the carrying value of the amount owing from the Ministry of Finance of JD 267,790,407 and owing to the Ministry of Finance of JD 137,522,830 for year 2018 which are included in year 2019 balances after the issuance of our report according to the confirmation letter from Ministry of Finance.

2. The Management did not eliminate some transactions between the Company and its subsidiaries reported in the consolidated statement of profit or loss, which constitutes a departure from IFRSs. We were unable to determine the adjustments to the consolidated financial statements necessary as a result of this matter. Noting that this matter has no impact on the consolidated net income for the year.

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Emphasis of Matter

Note (18/g) of the consolidated financial statements, which stated that there are negotiations between Jordan Petroleum Products Marketing Company (subsidiary Company) and the Ministry of Finance over entitlement rights of oil derivatives import pricing differences from the refinery gate price included in the selling prices bulletin of oil derivatives (IPP) if it is the right for the subsidiary or the right for the Ministry of Finance amounted JD 9.6 million classified as payables and other credit balances. Our Opinion is not qualified in respect of this matter.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant to our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We did not identify any Key Audit Matters in addition to those matters included in the Basis for Qualified Opinion section of our report.

Other Matter

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

Other Information

Management is responsible for the other information. The other information comprises the other information in the annual report excluding the consolidated financial statements and the independent auditor's report thereon, which is expected to be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

Report on other Legal and Regulatory Requirements

The Company maintains proper accounting records which are in agreement with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements after taking into consideration the effects and possible effects of the items included in Basis for Qualified Opinion section of our report and the matter set out in the Emphasis of Matter section of our report.

Amman – Jordan
May 14, 2020

Deloitte & Touché (Middle East) – Jordan

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	December 31, 2019 JD	December 31, 2018 JD
Current Assets:			
Cash on hand and at banks	8	21,856,935	16,966,903
Receivables and other debit balances	9	598,548,250	940,586,519
Crude oil, finished oil products and supplies	10	396,845,361	268,126,688
Total Current Assets		1,017,250,546	1,225,680,110
Financial assets at fair value through comprehensive income	11	2,294,639	2,007,369
Deferred tax assets	12	9,125,534	7,784,486
Investment property - net	13	825,286	838,441
Right of Use Assets	16	60,798,663	-
Property, lands and Equipment and Projects Under Construction:			
Lands		45,990,681	55,856,109
Property and equipment		455,940,964	440,835,945
Less: Accumulated depreciation		(364,203,725)	(345,011,296)
Net book value of property, lands and equipment		137,727,920	151,680,758
Projects under construction		39,884,879	25,944,153
Total Property, lands and Equipment, and Projects under construction	14	177,612,799	177,624,911
Intangible Assets:		43,286,282	43,286,282
Less: Accumulated amortization		(20,000,000)	(17,000,000)
Net Intangible Assets	15	23,286,282	26,286,282
TOTAL ASSETS		1,291,193,749	1,440,221,599
Contra Accounts			
Death, compensation, and end-of-service indemnity fund	32	50,317,022	45,482,322

LIABILITIES	Note	December 31, 2019 JD	December 31, 2018 JD
Current Liabilities:			
Due to banks	17	472,042,000	770,945,016
Payables and other credit balances	18	457,868,374	378,586,267
Finance lease obligation - current portion		-	2,112,322
Provision for income tax	19	7,646,805	5,231,574
Lease Liability - current portion	16	4,537,175	-
Commitments resulting from acquisition of a subsidiary - current portion		9,417,662	-
Total Current Liabilities		951,512,016	1,156,875,179
Non-Current Liabilities:			
Commitments resulting from acquisition of a subsidiary - non-current portion		-	8,350,205
Due to death, compensation, and end-of-service indemnity fund	32	41,461,108	36,553,358
Finance lease obligation - non-current portion		-	8,349,300
Provision for end-of-service indemnity		236,369	184,356
Lease Liability - non- current portion	16	51,085,142	-
Total Non-Current Liabilities		92,782,619	53,437,219
Total liabilities		1,044,294,635	1,210,312,398
OWNERS' EQUITY			
Shareholders' equity:			
Authorized and paid-up capital (100,000,000 share at JD 1 per share)	20/A	100,000,000	100,000,000
Statutory reserve	20/B	45,834,122	43,124,425
Voluntary reserve	20/C	17,261,761	16,143,555
Fourth expansion project reserve	20/D	-	-
Financial assets at fair value reserve - net	21	1,914,915	1,627,645
Retained earnings	22	73,284,319	58,245,250
Difference resulting from purchasing of non-controlling interest		(86,472)	(368,400)
Total Shareholders' Equity		238,208,645	218,772,475
Non - controlling interests	30	8,690,469	11,136,726
Total Owners' Equity		246,899,114	229,909,201
TOTAL LIABILITIES AND OWNERS' EQUITY		1,291,193,749	1,440,221,599
Contra Accounts			
Death, compensation, and end-of-service indemnity fund	32	50,317,022	45,482,322

Board of Directors Chairman

Chief Executive Officer

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

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the Year Ended December 31, 2019					For the Year Ended December 31, 2018				
		Refinery and Gas Cylinders Filling Activity	Lube-Oil Factory	Selling and marketing petroleum products	Others	Total	Refinery and Gas Cylinders Filling Activity	Lube-Oil Factory	Selling and marketing petroleum products	Others	Total
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Sales-Net	23	497,108,504	26,652,097	939,595,338	-	1,463,355,939	966,875,446	26,223,997	739,276,814	-	1,732,376,257
Less: Cost of sales	24	(452,671,183)	(15,285,479)	(880,382,603)	-	(1,348,339,265)	(912,502,064)	(14,875,857)	(697,695,833)	-	(1,625,073,754)
Gross Income from Sales		44,437,321	11,366,618	59,212,735	-	115,016,674	54,373,382	11,348,140	41,580,981	-	107,302,503
Add: Operating income and others	25	18,193,334	15,517	2,695,508	-	20,904,359	15,107,117	44,736	2,033,211	-	17,185,064
Gross Income		62,630,655	11,382,135	61,908,243	-	135,921,033	69,480,499	11,392,876	43,614,192	-	124,487,567
Less: Selling and distribution expenses	26	(35,472,799)	(1,860,789)	(20,699,924)	-	(58,033,512)	(39,080,263)	(1,800,199)	(17,019,579)	-	(57,900,041)
General and administrative expenses	27	(9,003,556)	(308,319)	(3,244,632)	-	(12,556,507)	(7,553,348)	(299,631)	(3,314,072)	-	(11,167,051)
Bank interest and commissions		(39,310,278)	(4,540)	(3,344,862)	84,668	(42,575,012)	(34,517,567)	(6,128)	(3,933,918)	84,881	(38,372,732)
Released from gas cylinders provision	18/D	-	-	-	-	-	5,000,000	-	-	-	5,000,000
(Provision) expected credit losses	9/J	-	(207,780)	(2,423,368)	-	(2,631,148)	1,248,444	188,951	(2,169,570)	-	(732,175)
Settlement of targeted income with the Government - support	28	-	-	-	-	-	5,783,760	-	-	-	5,783,760
(Provision) for slow-moving and obsolete and sediments inventory	10	(1,100,414)	-	-	-	(1,100,414)	(4,272,106)	-	-	-	(4,272,106)
Amortization of intangible assets	15	-	-	(3,000,000)	-	(3,000,000)	-	-	(3,000,000)	-	(3,000,000)
Recovered from lawsuits provision	18	-	-	-	-	-	542,085	-	-	-	542,085
Losses of Indian cylinders	28	(3,658,008)	-	-	-	(3,658,008)	(1,219,336)	-	-	-	(1,219,336)
(Provision) for storage fees	18/H	(5,049,600)	-	-	-	(5,049,600)	(7,090,219)	-	-	-	(7,090,219)
Income from storage of strategic inventory		13,296,917	-	-	-	13,296,917	9,369,753	-	-	-	9,369,753
Interest income resulting from Government's delay		33,311,028	-	-	-	33,311,028	21,232,033	-	-	-	21,232,033
Released from (Provision) for work injuries compensation	18	491,708	-	-	-	491,708	(243,321)	-	-	-	(243,321)
(Provision) released from employees' vacations	18	(176,922)	-	-	-	(176,922)	274,679	-	-	-	274,679
Lease liability interest	16	-	-	(1,031,031)	-	(1,031,031)	-	-	-	-	-
Interest resulting from acquisition of a subsidiary		-	-	(1,067,457)	-	(1,067,457)	-	-	-	-	-
Profit for the Year before Income Tax		15,958,731	9,000,707	27,096,969	84,668	52,141,075	18,955,093	9,475,869	14,177,053	84,881	42,692,896
Income tax for the year	19	(1,287,830)	(1,438,997)	(5,225,446)	-	(7,952,273)	(1,665,337)	(1,300,168)	(2,854,843)	-	(5,820,348)
Profit for the Year		14,670,901	7,561,710	21,871,523	84,668	44,188,802	17,289,756	8,175,701	11,322,210	84,881	36,872,548
Attributable to :											
Company's shareholders	29					43,866,972					36,616,235
Non - controlling interests	30					321,830					256,313
						44,188,802					36,872,548
Earnings per Share for the Year-Basic	29					-/439					-/366
Earnings per Share for the Year-Diluted	29					-/439					-/366

Board of Directors Chairman

Chief Executive Officer

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

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Profit for the year	44,188,802	36,872,548
Items that can not be reclassified subsequently to the consolidated statement Profit or Loss:		
Change in financial assets at fair value reserve - net	287,270	(453,209)
Total Comprehensive Income for the Year	44,476,072	36,419,339
Total Consolidated Comprehensive Income Attributable to:		
Company's shareholders	44,154,242	36,163,026
Non -controlling interests	321,830	256,313
	44,476,072	36,419,339

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

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Paid-up Capital	Statutory Reserve	Voluntary Reserve *	Financial Assets at Fair Value Reserve - net	Fourth Expansion Project Reserve	Difference resulting from Purchasing Non-controlling Interests	Retained Earnings ***	Total Shareholders' Equity	Non-Controlling Interests	Total Owners' Equity
For the year 2019	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	100,000,000	43,124,425	16,143,555	1,627,645	-	(368,400)	58,245,250	218,772,475	11,136,726	229,909,201
Profit for the year	-	-	-	-	-	-	43,866,972	43,866,972	321,830	44,188,802
Change in financial assets at fair value reserve through comprehensive income - net	-	-	-	287,270	-	-	-	287,270	-	287,270
Total Consolidated Comprehensive Income	-	-	-	287,270	-	-	43,866,972	44,154,242	321,830	44,476,072
Deducted for reserves	-	2,709,697	8,538,579	-	8,538,579	-	(19,786,855)	-	-	-
Transfer from voluntary reserve to fourth expansion reserve****	-	-	(7,420,373)	-	7,420,373	-	-	-	-	-
Transfer from fourth expansion reserve to retained earnings**	-	-	-	-	(15,958,952)	-	15,958,952	-	-	-
Dividends paid to shareholders*****	-	-	-	-	-	-	(25,000,000)	(25,000,000)	-	(25,000,000)
Change in non - controlling interests	-	-	-	-	-	-	-	-	(2,768,087)	(2,768,087)
Difference resulting from purchasing non-controlling interests	-	-	-	-	-	281,928	-	281,928	-	281,928
Balance at the End of the Year	100,000,000	45,834,122	17,261,761	1,914,915	-	(86,472)	73,284,319	238,208,645	8,690,469	246,899,114
For the year 2018										
Balance at the beginning of the year	100,000,000	41,706,720	14,584,910	2,080,854	2,652,918	-	43,433,771	204,459,173	9,678,017	214,137,190
Impact of IFRS (9) implementation - net after tax	-	-	-	-	-	-	(1,481,324)	(1,481,324)	-	(1,481,324)
Adjusted Balance	100,000,000	41,706,720	14,584,910	2,080,854	2,652,918	-	41,952,447	202,977,849	9,678,017	212,655,866
Profit for the year	-	-	-	-	-	-	36,616,235	36,616,235	256,313	36,872,548
Change in financial assets at fair value reserve through Comprehensive Income	-	-	-	(453,209)	-	-	-	(453,209)	-	(453,209)
Total Consolidated Comprehensive Income	-	-	-	(453,209)	-	-	36,616,235	36,163,026	256,313	36,419,339
Deducted for reserves	-	1,417,705	7,836,292	-	7,836,292	-	(17,090,289)	-	-	-
Transfer from voluntary reserve to fourth expansion reserve	-	-	(6,277,647)	-	6,277,647	-	-	-	-	-
Transfer from fourth expansion reserve to retained earnings	-	-	-	-	(16,766,857)	-	16,766,857	-	-	-
Dividends paid to shareholders*****	-	-	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Change in non - controlling interests	-	-	-	-	-	-	-	-	1,202,396	1,202,396
Difference resulting from purchasing non-controlling interests	-	-	-	-	-	(368,400)	-	(368,400)	-	(368,400)
Balance at the End of the Year	100,000,000	43,124,425	16,143,555	1,627,645	-	(368,400)	58,245,250	218,772,475	11,136,726	229,909,201

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

** In its ordinary meeting held on April 27, 2019, the General Assembly decided to allocate JD 8,538,579 to a special reserve for the purpose of the fourth expansion project from the retained earnings account. During the year 2019, the Company paid JD 15,958,952 from the special reserve for the purpose of the fourth expansion project, which represents payments for the basic and detailed design works and the technical and financial consultations related to the project.

*** Profit for the year and retained earnings include an amount of JD 9,125,534 as of December 31, 2019, which represents a deferred tax assets amount its conduct is restricted as per the Instructions of the Jordan Securities Commission.

**** The Company transferred an amount of JD 7,420,373 from the voluntary reserve to the fourth expansion project reserve during the year 2019, based on the pre-approval of the General Assembly of Shareholders in their meeting held on April 27, 2019.

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

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

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended Ended December 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit for the year before tax		52,141,075	42,692,896
Adjustments for:			
Depreciation of property and equipment and investment property	13 & 14	21,046,378	25,278,716
Depreciation of right-of-use assets	16	3,634,685	-
Amortization of intangible assets	15	3,000,000	3,000,000
Settlement of targeted income with the Government - support	28	-	(5,783,760)
(Released from) gas cylinders provision	18/D	-	(5,000,000)
Recorded on (Released from) employee vacations provision - net	18	176,922	(274,679)
Provision for end-of-service indemnity		52,013	96,482
(Released from) lawsuits provision	18	-	(542,085)
Interest resulting from acquisition of a subsidiary		1,067,457	-
Leased liability interest	16	1,031,031	-
Provision for work injuries compensation	18	(491,708)	243,321
Provision for slow-moving and obsolete and sediments inventory	10	1,100,414	4,272,106
Provision for storage fees	18/H	5,049,600	8,090,219
Losses on indian cylinders		3,658,008	1,219,336
Interest income resulting from Government's delay		(33,311,028)	(21,232,033)
Income from storage of strategic inventory		(13,296,917)	(9,369,753)
Provision for expexted credit losses	9/J	2,631,148	732,175
Net cash flows from operating activities before changes in working capital items		47,489,078	43,422,941
Decrease (increase) in receivables and other debit balances		382,150,091	(62,457,237)
(Increase) decrease in crude oil, finished oil products products and supplies		(128,145,031)	47,396,158
Increase (decrease) in due to death, compensation, and end-of-service indemnity fund		4,907,750	(6,229,864)
Increase (decrease) in payables and other credit balances		76,974,215	(124,022,740)
Net Cash Flows From (Used in) Operating Activities before Tax and Provisions Paid		383,376,103	(101,890,742)
Income tax paid	19	(6,878,090)	(5,949,673)
Paid from provision for storage fees	18/H	(2,250,000)	(1,000,000)
Paid from provision for slow-moving and obsolete and sediments Inventory	10	(1,674,056)	-
Net Cash Flows from (used in) Operating Activities		372,573,957	(108,840,415)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in property, lands, equipment and investment properties - net		(26,055,611)	(24,394,636)
Paid to the Ministry of Energy for marketing license		-	(4,280,000)
Projects under construction - net		(13,940,726)	(14,738,612)
(Acquisition) of financial assets at fair value through comprehensive income		-	(15,000)
Paid to acquire a subsidiary		-	(5,500,000)
Net Cash (Used in) Investment Activities		(39,996,337)	(48,928,248)
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) increase in due to banks		(298,903,016)	182,845,250
Increase in finance lease obligations		-	802,564
Dividends distributed to shareholders		(25,000,000)	(20,000,000)
Paid from lease liability	16	(3,784,572)	-
Net Cash Flows from Financing Activities		(327,687,588)	163,647,814
Net Increase in Cash		4,890,032	5,879,151
Cash on hand and at banks - beginning of the year		16,966,903	11,087,752
Cash on Hand and at Banks - end of the year	8	21,856,935	16,966,903
Non-cash transactions			
Transfers from property, lands and equipment - net to right-of-use assets	14	11,269,911	-

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

1. General

The Company was established on July 8, 1956, with a capital of JD 4 million. This capital was increased in stages, with the latest being on April 28, 2016, the date on which it was approved, in the Company's extraordinary meeting, to capitalize JD 25 million and distribute it to the shareholders. As a result, the Company's authorized and paid-up capital has reached JD 100 million.

Other than the main units for refining and producing oil derivatives, the Company owns a factory for producing lube-oils, in addition to owning Jordan Petroleum Products Marketing Company (JPPMC). It also owns three liquefied gas filling stations located in Zarqa, Amman, and Irbid. Moreover, gas cylinders are repaired in a special workshop in an effort to reduce cylinders write-off costs. Furthermore, the accompanying consolidated financial statements include the operations of the main refining units, factories, and directly and indirectly owned subsidiaries.

In addition to refining, producing, and manufacturing petroleum derivatives, the Company transports and distributes these derivatives to some consumers, who receive supplies directly from the Company, as well as, marketing lube-oils. Moreover, Jordan Petroleum Products Marketing Company supplies its stations with petroleum derivatives and maintains these stations kingdom wide.

According to the settlement agreement with the Jordanian Government, dated February 25, 2008, concerning the termination of the concession, the Company has to segregate some of its activities through establishing new companies that are wholly or partially owned by it after the expiry date of the concession agreement on March 2, 2008. During the year ended December 31, 2008, the Company established two subsidiaries wholly owned by it, namely: Jordan Liquefied Petroleum Gas Manufacturing and Filling Company and Jordan Lube Oil Manufacturing Company, in order to separate the gas filling and Lube Oil production activities. However, none of these Companies have conducted any commercial activities yet, and the Company is still in the process of segregating its other activities. During 2013, the Company established Jordan Petroleum Products Marketing Company (JPPMC), which is fully owned by Jordan Petroleum Refinery Company.

The Company's consolidated financial statements were approved by the Board of Directors, in its meeting held on May 14, 2020, and are subject to the General Assembly of Shareholders' approval.

2. The Concession Agreement

a. The concession agreement between the Company and the Jordanian 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, no agreement has been reached regarding the eligibility for retaining the balances of the provision for expected credit losses and provision for slow-moving and obsolete and sediments inventory. As a result of the agreement between the Company and the Jordanian Government, the Ministry of Finance issued Letter No. 4/18/28669, dated August 29, 2019. The letter stated the ministry's approval that the Company should clear its tanks from sediments and water, that the Government should bear the associated costs, and that the Company should write off the materials, spare parts, and supplies no longer needed and transfer the surplus balance from the provision for slow- moving and obsolete and sediments inventory to the Ministry of Finance. The letter also included the ministry's approval for the Company to retain the balance of expected credit losses provision. In the event the Company recovers any amounts recorded within the provision, such amounts will be taken to the account of the Ministry of Finance.

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

1. Through the oil 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 mentioned in item (1) above, provided that these profits are subjected 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 consideration. This consideration is calculated based on the quantity of 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 increase in the outstanding provisions. These provisions shall be reviewed quarterly.

   - According to the decision of the Council of Ministers, 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 Minister'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 agreement until the year 2010.

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

1. Through the oil derivatives pricing mechanism, annual net profit of JD 15 million after tax shall be achieved for the Jordan Petroleum Refinery Company while keeping the changes in the Company's expenses within the normal rates. Otherwise, the Government should be consulted concerning any deviations therefrom.

2. The Government has the right to appoint an external auditor (public accountant) to audit the Company's financial statements for the purposes stipulated by the Government.

3. Profit from the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company, and any other profit from other future companies owned by it and operating according to licenses issued by the Ministry of Energy and Mineral Resources or the sector regulator, shall be excluded from the above- mentioned profit, provided that their standalone financial statements or their own accounts are separated.

4. The Lube-Oil Factory's profit shall be excluded from the above-mentioned profit, provided that the Lube-Oil Factory is charged with the related fixed and variable costs, whether directly or indirectly, and its standalone financial statements or accounts are separated.

5. The liquefied gas (LPG) activity profit shall be excluded from the above-mentioned profit, provided that its standalone financial statements or its own accounts are separated.

6. The profit granted to Jordan Petroleum Refinery Company of 10 cents/barrel from refining the Iraqi crude oil shall also be excluded from the above-mentioned profit, provided that this profit is subjected 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 expected credit losses, provision for the writing off of gas cylinders, provision for lawsuits raised against the Company, provision for slow-moving, obsolete and sediments inventory, provision for self-insurance, etc.), provided that these provisions and financial statements are audited by the Government.

8. The above applies to the year 2011 until the end of the transitional period of (5) years, starting from the date the marketing companies commenced their expected work as of September 1, 2012. Moreover, the marketing and selling of Jordanian petroleum products companies started their operations as of May 1, 2013. Meanwhile, the financial relationship between the Company and the Government was terminated, and the above decision was suspended on April 30, 2018 according to the Council of Minister's Decision No. (7633), adopted in its meeting held on April 30, 2018.

   The calculated profit difference was recorded according to this method when calculating profit according to the commercial basis in the Ministry of Finance's account for the period ended April 30, 2018, and for the years from 2012 until the end of the year 2017, under the item of profit settlement with the Government. Moreover, the results of the liquefied gas business activities were not excluded from the profit mentioned in item (5) above, despite the fact that the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018, has set the commission for filling gas cylinders for the period from May 1, 2018 to December 31, 2018 at 43 JD per ton sold, and filling liquefied gas rate of return on investment for calculating the commission amount at 12% per annum. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated, when calculating the filling stations' commission amount, in the subsequent period upward / downward. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector Regulatory Authority with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020. At the same time, the Company has provided the entities appointed by the said ministry with all the required data, and this matter is still in process.

3. End of the Relationship with the Government

According to the meeting minutes regarding the Company's future operations signed on September 13, 2012, the financial relationship between Jordan Petroleum Refinery Company and the Government of Jordan ended on April 30, 2018. In its meeting held on April 30, 2018, the Council of Ministers issued Decision No. (7633), extending the exemption of oil derivatives from Jordan Petroleum Refinery Company's refining activity from implementing the Jordanian specifications throughout the period of implementation of the Fourth Expansion Project as of May 1, 2018, provided that commitment is made regarding the project implementation stages and that Jordan Petroleum Refinery Company's production may not exceed 46% of the local market needs for non-conforming oil derivatives. The decision also mandated the Ministry of Finance to follow up on the implementation of procedures concerning the below points, and submit any related observations 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 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 the year 2020. Meanwhile, the Ministry of Finance shall provide Jordan Petroleum Refinery Company with a letter stating the amounts due to the Company as of April 30, 2018, and guaranteeing their payment with interest at the actual cost borne by the Company during the above period at the said rates. As a result of the Government's failure to comply with the above decision, and based on the agreement between the Company and the Government, the Council of Ministers' Decision No. (6399) was adopted in its meeting held on September 9, 2019. The decision stipulated that the Company shall borrow an amount equivalent to about JD 457 million from banks to pay part of the balance of debts due to the Company from the Government until December 31, 2018. In return, the Ministry of Finance shall pledge to pay the loans and interest thereon to the assigned banks. During the first half of October 2019, the Company withdrawn the amount of JD 455,505,000 from the banks which were referred from the Ministry of Finance, accordingly the Ministry of Finance issued a pledges for the banks in order to pay loans installments and interests due to banks. Therefore the company decreased the withdrawn amount JD 455,505,000 from the balance of receivables due from the security authorities, ministries, departments, government agencies, and the Ministry of Finance in accordance with the agreement signed between the Company and the Jordanian Government. Moreover, the Jordanian Government paid all the installments and interest due to the assigned banks on their due date. In the opinion of the Company's management and legal advisors, the Company shall not incur any obligations regarding the loans and pledges above (Note 9 / E).

2. Jordan Petroleum Refinery Company shall treat the sediments and water in the tanks and dispose the materials no longer needed. Moreover, the slow-moving materials shall be evaluated on April 30, 2018; the cost of the sediment and water, as well as the dispose costs thereof, shall be calculated; and the surplus shall be transferred to the Ministry of Finance. As a result of the agreement between the Company and the Government, the Ministry of Finance issued Letter No. 4/18/28669, dated August 29, 2019, granting approval to the Company to clean its tanks from sediments and water at the Government's expense, and write off materials, spare parts, and supplies no longer needed, and transfer the surplus balance of the provision for slow-moving and obsolete and sediments inventory to the Ministry of Finance. Accordingly, the Company tendered the treatment of sediments, and commissioned a specialized committee to study the stock of spare parts and other supplies to determine which materials and supplies were no longer needed, and consequently, write them off (Note 10).

3. 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, repair, and replacement of the cylinders exceeds the said amount, the difference shall be transferred from deposits from 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 is 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, and this action was approved by the Ministry of Finance under its Letter No. 4/18/28669, dated August 29, 2019 (Note 18/D).

4. Jordan Petroleum Refinery Company shall delete the interest of JD 79.2 million on the National Electricity Company's borrowings, provided that settlement is reached between the National Electricity Company and the Government. Moreover, the Company has deleted these amounts from the consolidated statement of financial position pursuant to the Ministry of Finance's Letter No. 18/73/33025, dated November 25, 2018 and addressed to the National Electricity Company. The letter states that the Ministry of Finance shall record the interest as an advance due from the National Electricity Company to the Government at the Ministry of Finance until full payment. In addition, the Ministry of Finance issued its approval to delete the interest of JD 79.2 million on the National Electricity Company's borrowings pursuant to the Ministry of Finance's Letter No. 4/18/28669, dated August 29, 2019. Accordingly the Company has deleted the interest on the National Electricity Company's borrowings from the Company's records.

5. Jordan Petroleum Refinery Company tax status shall be rectified as regards the inclusion of tax in the selling prices bulletin of oil derivatives (IPP) after the refinery gate price. In this respect, the refinery gate price does not include general and special taxes. Instead, taxes are included afterwards, collected from the marketing Companies, and forwarded to the State Treasury (Note 9/F).

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

7. Gasoline (95) used for the mixing process to produce gasoline (90) and (95) shall be exempted from the tax differences between import and sale in accordance with the Council of Ministries' Decision No. (6953), adopted in its meeting held on March 19, 2018. Moreover, the necessary procedures shall be facilitated concerning the implementation of the Council of Ministers' Decision No. (13363), adopted in its meeting held on January 3, 2016, related to exempting the Company's imports sold to the marketing companies inside the kingdom. In this respect, the decision prescribes exempting Jordan Petroleum Refinery Company from general and special taxes as of May 1, 2013, on the quantities sold exclusively to the marketing companies inside the kingdom. The decision also prescribes resolving all pending issues with the Customs Department and completing all customs statements, whether pending at the Customs Department or the Jordan Standards and Metrology Organization before the relationship with the Government expired. Moreover, a committee was formed by the Ministry of Finance and the Ministry of Energy and Mineral Resources comprising representatives from the Jordan Customs Department, the Income and Sales Tax Department, and Jordan Petroleum Refinery Company. During October 2019, the said committee completed its work and submitted its final report to the Ministry of Finance and the Ministry of Energy and Mineral Resources. Accordingly, the Ministry of Finance and the Ministry of Energy and Mineral Resources approved the quantities stated in the committee's report, and the Customs Department prepared the customs statements, which are being processed. Meanwhile, the Company submitted a request to the Ministry of Finance for offsetting the amounts due from the Company against part of the Ministry of Finance's dues for the amounts of non-exempt customs statements not covered by the above decisions. Moreover, the Customs Department approved the request on March 16, 2020 (Note 9/F).

8. The Government's strategic inventory, which has been quantified and valued, shall be transferred to the Jordan Oil Terminals Company (JOTC), provided that the value of this inventory is settled later. Additionally, Jordan Petroleum Refinery Company started transferring the strategic inventory to JOTC during April 2018, and is still transferring the quantities to JOTC according to the quantities requested by JOTC and the Ministry of Energy and Mineral Resources and JOTC's storage capacity. This action was approved by the Ministry of Finance, and the inventory amount was settled according to the Ministry of Finance's Letter No. 4/18/28669, dated August 29, 2019. The letter stated the Ministry of Finance's approval on transferring the quantities of the strategic inventory to JOTC. In addition, the financial matters related to the strategic inventory amount have been irrevocably settled (Note 34).

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

10. The rate of return on investment shall be determined for LPG filling stations for the purpose of calculating the commission 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. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated, when calculating the filling stations' commission amount, in the subsequent period. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector Regulatory Authority with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020. At the same time, the Company has provided the entities appointed by the said ministry with all the required data, and this matter is still in process (Note 28).

11. The rental value of the assets transferred from the Company to Jordan Petroleum Products Marketing Company (JPPMC) shall be calculated according to the Land and Survey Department's approved rate of (8 %) on the land and buildings valued at JD 4.9 million from these buildings transfer date up to date. Moreover, the Company insists on rejecting the above clause, as the transferred assets are owned by Jordan Petroleum Refinery Company under the concession expiry agreement which stipulated that the stations are owned by Jordan Petroleum Refinery Company and that they are transferred to the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company. In addition, the Company has the right to dispose of its assets legally pursuant to Article (236) of the Civil Law. Meanwhile, the assets were transferred at their net book value similar to the assets transferred at their net book value to other marketing companies under the agreement signed between the three marketing companies and the Ministry of Energy and Mineral Resources. Moreover, the concession expiry agreement stipulated that the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company applies to other marketing companies. In the meantime, negotiations are still going on between the Company and the Government, and agreement has been reached for the Ministry of Finance to recommend to the Council of Ministers to cancel this item, and the matter is still being processed (Note 31).

- In implementation of the Council of Ministers' Decision No. (11110), taken in its meeting held on August 16, 2015, and the decision of the Company's General Assembly, taken in its meeting held on November 8, 2012, the land swap between Aqaba Special Economic Zone Authority (ASEZA) and Jordan Petroleum Refinery Company took place during September 2019. In the swap, ASEZA ceded (6) plots of land of an area of (442) acres to Jordan Petroleum Refinery Company. In return, the Company ceded its own plot of land no. (23), Parcel (13), Tract (13) of an area of approximately (88) acres, located within the southern port tract, to ASEZA.

4. Commencing Operations on Commercial Terms after Termination of Relationship with the Government

1. The Company recorded delay interest on the Ministry of Finance's due and unpaid balances at the effective borrowing rate starting from May 1, 2018 according to the Council of Minister's Decision No. (7633), adopted in its meeting held on April 30, 2018.

2. Effective from May 1, 2018, the Company has discontinued calculation of interest at 0.5% per annum on the debts of Alia Jordan Airlines Company - Royal Jordanian, and has applied the effective borrowing rate based on the debt repayment agreement signed between the two parties. In addition, these companies' balances have been matched, and the balance due from Alia Jordan Airlines Company - Royal Jordanian and the discount deposits due to this company have been offset under the agreement signed between the two companies on November 26, 2019 (Note 9/C).

3. The Company has recorded fees for storing the Government-owned strategic inventory at an amount of JD 3.5 per cubic meter according to the storage capacity for each material based on the Ministry of Finance's Letter No. 18/4/33072, dated November 25, 2018.

4. Profit settlement with the Government calculation has been discontinued, and the related balance has been recognized in the consolidated statement of profit or loss up to April 30, 2018, according to the Council of Minister's Decision No. (7633), adopted in its meeting held on April 30, 2018. The decision terminated the relationship between the Company and the Jordanian Government, and consequently, the Company became operating based on commercial terms (Note 28).

5. The Company recorded an amount of JD 7,541,695, during the year as revenue against the commission difference of filling the cylinders according to the Council of Ministers' Decision No. (7633), adopted in its meeting held on 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 sold, representing the commission difference included in the (IPP) and pursuant to the aforementioned decision in consistency with the year 2018. Meanwhile, the Government has not amended the oil derivatives price bulletin (IPP) up to date, and the commission for the years 2019 and 2020 has not been determined yet.

5. Significant Accounting Policies

Basis of Preparation of the Consolidated Financial Statements

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

- The consolidated financial statements are stated in Jordanian Dinar.

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

- The accounting policies adopted for the preparation of the consolidated financial statements for the current year are consistent with those applied in the year ended December 31, 2018, except for the effect of the adoption of the new and amended standards mentioned in Note (6-B).

- The following are the most significant accounting policies:

a. Basis of Consolidation of the Financial Statements

- The consolidated financial statements include the financial statements of the Company and its subsidiaries under its control. Moreover, control is achieved when the Company has authority over the investee company, it is exposed to variable returns or holds rights for participating in the investee company, and it is able to exercise its authority over the investee company, which affects the investee company's revenue.

Control is achieved when the Company:

- Has the ability to control the investee company.

- Is exposed to variable returns or has the right to variable returns resulting from its association with the investee company.

- Has the ability to use its authority to influence the investee's returns.

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

- The subsidiaries' financial statements are prepared for the same financial year of the parent company, using the same accounting policies as those of the parent company. If the subsidiaries adopt accounting policies different from those of the parent company, the necessary adjustments are made to the subsidiaries' financial statements to confirm with the accounting policies of the parent Company.

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

The Company has control power when the voting rights are sufficient 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 company that enable it to exercise or not exercise control. 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 subsidiary's assets (including goodwill) and liabilities.
- Derecognizes the book value of any non-controlling interest.
- Derecognizes the cumulative transfer differences recognized in owners' equity.
- Derecognizes the fair value of the consideration received.
- Derecognizes the fair value of any investment held.
- Derecognizes any surplus or deficit in the consolidated statement of profit or loss.
- Reclassifies the Company's owners' equity previously recognized in the consolidated statement of comprehensive income to the consolidated statement of profit or loss or retained earnings, as appropriate.

As of December 31, 2019, the Company owns the following subsidiaries, either directly or indirectly:

Company's Name	Authorized Capital	Ownership Percentage	Location	Establishment Date	Note
	JD	%			
Jordan Petroleum Products Marketing Company	65,000,00	100	Amman	February 12, 2013	Operating
Hydron Energy LLC*	5,000,000	100	Amman	April 29, 2003	Operating
Jordan Liquefied Petroleum Gas Manufacturing and Filling Company (Paid 50%)	4,000,000	100	Amman	May 28, 2008	Non-operating
Jordan Lube - Oil Manufacturing Company (Paid 50%)	3,000,000	100	Amman	May 28, 2008	Non-operating
AL-Nuzha and Istiklal Gas Station for Fuel and Oil Company	5,000	60	Amman	January 8, 2014	Operating
Al-Markzeya Gas Station for Fuel Trade Company	10,000	100	Amman	May 28, 2014	Operating
Al-Karak Central Gas Station for Fuel Company	5,000	60	Al Karak	November 26, 2014	Operating
Al-Khairat for Fuel Company	5,000	100	Al Karak	November 11, 2014	Operating
Rawaby Al-Queirah Gas Station for Fuel and Oil Company	5,000	60	Al Aqaba	June 22, 2015	Operating
Al-Aon for Marketing and Distribution Fuel products Company	1,005,000	60	Amman	January 10, 2016	Operating
Jordanian German for Fuel Company	125,000	60	Amman	October 8, 2015	Operating
Qaws Al-Nasser for Fuel Stations Management Company	3,000	100	Irbid	December 29, 2014	Operating
Al-Tariq Al-Da'ari Gas Station for Fuel Company	5,000	60	Amman	June 10, 2015	Operating
Al Kamel Gas Station for Oil and Fuel Company	5,000	60	Amman	February 26, 2017	Operating
Al-Wadi Al-A'abiad Gas station for Fuel Company	5,000	60	Amman	August 4, 2015	Operating
Al-Muneirah Gas Station for Fuel and Oil Company	5,000	100	Amman	November 6, 2014	Operating
Al-Tanmwieh Al-A'ola Gas Station for Fuel Company	5,000	60	Amman	November 19, 2015	Operating
Al Qastal Gas Station for Oil and Fuel Company	5,000	60	Amman	June 19, 2017	Operating
Taj Amon Gas Station for Fuel Company (Paid 50%)	5,000	80	Amman	September 20, 2017	Non-operating - under renovation
Al Shira' Gas Station for Fuel and Oil Company (Paid 50%)	5,000	95	Aqaba	February 19, 2017	Non-operating - under renovation

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

- Jordan Petroleum Products Marketing Company (JPPMC) was established on February 12, 2013 with total assets of its own and of its subsidiaries of JD 375,980,518, while its total liabilities and those of its subsidiaries amounted to JD 274,479,410 as of December 31, 2019. The Company's consolidated profit amounted to JD 21,871,523, with non-controlling interest of JD 321,830, as of December 31, 2019. Moreover, the company has started operating gradually since May 1, 2013, and part of Jordan Petroleum Refinery Company's distribution activity assets have been transferred at their net book value to JPPMC (subsidiary). The said transfer was a mandatory to transfer the distribution activity to JPPMC. In addition, some employees of Jordanian Petroleum Products Refinery Company have been assigned to work for JPPMC, which shall bear their employment costs. In the meantime, the task of providing consumers with oil derivatives has been transferred to JPPMC, except for asphalt, fuel oil, and gas clients, and some oil clients of security authorities. The required legal procedures to conclude the assets ownership transfer to JPPMC were completed as follows:

1. **Land and buildings**: part of the gas stations' lands and buildings were transferred to Jordan Petroleum Products Marketing Company (JPPMC) related to the concession expiry agreement, which stated that JPPMC's assets shall include the gas stations owned by Jordan Petroleum Refinery Company with a historical cost of JD 4,903,283, which are to be transferred to (JPPMC) at their net book value of JD 4,183,956 as of May 1, 2013, according to official and taxable invoices

2. **Vehicles:** Part of the distribution activity vehicles with a historical cost of JD 5,483,410 were transferred to JPPMC at their net book value of JD 109,881 as of May 1, 2013, according to official and taxable invoices. Moreover, the Company has transferred part of the distribution activity vehicles with a historical cost of JD 3,504,609 to JPPMC at their net book value of JD 1,095,191 as of July 1, 2019, according to official and taxable invoices.

3. **Other property and equipment**: part of other property and equipment of the distribution activity with a historical cost of JD 4,460,927 were transferred to JPPMC at their net book value of JD 1,446,738, according to official and taxable invoices.

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

5. Jordan Petroleum Products Marketing Company received a marketing commission of 12 fils per each liter sold and a retail commission of 15 fils per each liter sold until August 31, 2018. The retail commission has been amended to 18 fils per each liter sold as of September 1, 2018. Moreover, Jordan Petroleum Products Marketing Company receives other commissions, representing evaporation loss allowance and transport fees according to the oil derivatives selling price bulletin (IPP).

- The concession expiry settlement agreement signed between Jordan Petroleum Refinery Company and the Government on February 25, 2008 stipulated that Jordan Petroleum Refinery Company shall be granted part of the distribution activity (one of the licensed distribution companies with a share of not less than 25 % of the market) subject to all conditions and terms applicable to the other distribution companies. Moreover, the agreement stipulated that the assets of this company shall include the gas stations owned by Jordan Petroleum Refinery Company. It also stipulated that Jordan Petroleum Refinery Company shall have the right to separate and sell the gas stations owned by Jordan Petroleum Refinery Company to the distribution companies. In addition, the agreement stated that Jordan Petroleum Refinery Company is the owner of the tanks and pumps and has the right to sell them to the distribution companies. This agreement also prescribed that the Government shall own some entities within Jordan Petroleum Refinery Company (storage and loading facilities in Aqaba and facilities within the Jordanian airports. In the beginning, Jordan Petroleum Refinery Company was involved as a partner, and subsequently, it was fully owned by the Government according to the minutes of the meeting held in September 2012, regarding the Company's future operations). Meanwhile, Jordan Petroleum Refinery Company shall retain the remaining properties and other assets, including maintaining its ownership of the oil derivatives loading and distribution facilities. Since Jordan Petroleum Refinery Company established Jordan Petroleum Products Marketing Company (JPPMC), which started its operations in May 2013, and transferred the distribution activities to JPPMC, which became mandatory that the distribution activities facilities and gas stations should be transferred to JPPMC. In this connection, the Council of Ministers issued Decision No. (7633), adopted in its meeting held on April 30, 2018, mandating the Ministry of Finance to follow up on the procedures related to the calculation of the rental value of the assets of the gas stations that were transferred from Jordan Petroleum Refinery Company to Jordan Petroleum Products Marketing Company at the rate approved by the Land and Survey Department of 8% on lands and buildings of JD 4.9 million. In this respect, the Company rejects this procedure for the above-mentioned reasons. However, negotiations are going on between the Company and the Government that resulted in an agreement, whereby the Ministry of Finance shall recommend to the Council of Ministers cancellation of this item. This matter is still under process. According to the above decision, the rental value is estimated at about JD 1.9 million.

b. The following are the most significant accounting policies adopted:

Inventory

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

Financial Assets at Fair Value through Other Comprehensive Income

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

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

- Dividend income is recognized in the consolidated statement of profit or loss.

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

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

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

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

- Adoption of options pricing models.

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

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

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

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

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

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

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

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

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

All other financial assets are measured at fair value.

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

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

Foreign Exchange Currencies Gain and Losses
The book value of financial assets recorded in foreign currency is determined and translated at the rate prevailing at the end of each reporting period. For financial assets measured at amortized cost that are not part of a specific hedging relationship, currency differences are recognized in the consolidated statement of profit or loss.

Impairment of Financial Assets
The Company recognizes an allowance for expected credit losses on accounts receivable and checks under collection and updates the expected credit losses on each reporting date to reflect changes in creditworthiness since the initial recognition of the related financial instrument.

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

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

Provision for Expected Credit Losses
The Company has adopted a simplified approach to recognize expected credit losses over the life of its receivables and checks under collection as permitted by IFRS No (9). Accordingly, non-impaired trade receivables that do not contain a significant financing component have been classified as part of the second stage with the recognition of expected credit losses over their lifetime.

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

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

Write-off of Financial Assets
The Company writes off financial assets when there is information indicating that the debtor is experiencing financial difficulties, and there is no realistic probability of recovery, for example. When the debtor is placed under liquidation or is in bankruptcy proceedings, or when accounts receivable are overdue for more than 12 months or more, accounts receivable are examined on a customer-by-customer basis, whichever is earlier.

The Company may continue to exert collection efforts regarding the written-off financial assets in an endeavor to recover receivables, taking into account legal advice, where appropriate. Any recoveries are recognized in the consolidated statement of profit or loss.

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's book value and the amount of the consideration received or receivable is recognised in the consolidated statement of profit or loss.

Classification as Debt or Equity Instruments
Debt and equity instruments are classified either as financial liabilities or as owners' equity in accordance with the substance of the contractual arrangements, the definitions of the financial liability, and the owners' equity instrument.

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

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

Financial Liabilities
All financial liabilities are subsequently measured at amortized cost, using the effective interest method or at fair value through profit or loss.

Financial liabilities that are not from the following are subsequently measured at amortized cost, using the effective interest method:

- Probable consideration for the acquired company in a business combination.
- Held for trading.
- Designated at fair value through profit or loss.

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

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

Derecognition of Financial Liabilities
The Company derecognizes financial liabilities when they are discharged from their obligations or when such obligations are canceled or expired. The difference between the book value of the derecognized financial liability and the consideration paid or payable is recognized in the consolidated statement of profit or loss.

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

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

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

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

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

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

Any indications to impairment in intangible assets are reviewed at the consolidated financial statements date. Furthermore, the estimated useful lives for these assets is reviewed as well, and any impairment is recognized in the consolidated statement of profit or loss.

No intangible assets arising from the Company's operations are capitalized. Instead, they are recorded as an expense in the consolidated statement of profit or loss.

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

- Goodwill is recognized as an intangible asset in a separate item, and subsequently, reduced by any impairment losses.

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

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

- Trademark:
  A trademark is a special mark or indicator used by the Company to indicate that the products or services provided to the consumer which the trademark appears on are originating from a single source and to distinguish its products or services from the products and services of other parties.

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

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

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

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

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

Revenue Recognition
The Company recognizes revenues mainly from selling ready-made oil derivatives and mineral oils, providing storage services, and gas cylinders filling.

Revenue is measured at the fair value of the consideration received or receivable (net of returns and discounts) of the contracts with customers, and the amounts collected on behalf of others are excluded. Revenue is recognized when the Company transfers control of a product to the customer when the goods are shipped to a certain location (delivery). After delivery, the customer bears the primary responsibility when selling the goods, as well as the risk of obsolescence and loss related to the goods. Receivables are recognized by the Company when the goods are delivered to customers, representing the point at which the right to consideration becomes unconditional. The passage of time is only required before the payment becomes due.

Interest Income and Expenses
Interest income and expense for all financial instruments are recognized in the consolidated statement of profit or loss using the effective interest method. The effective interest rate represents the rate at which the estimated future cash flows of a financial instrument are discounted over the life expectancy of the financial instrument or, where appropriate, for a shorter period, to the net book value of the financial assets or financial liabilities. Future cash flows are also estimated by taking into account all contractual terms of the instrument.

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

Lease Contracts
Accounting policy adopted starting from January 1, 2019
The Company as a lessee
The Company assesses whether a contract is or contains a lease, at the inception of the contract. Moreover, it recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and assets lease contracts of low value. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options.
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the book value to reflect interest on the lease liability (using the effective interest method) and by reducing the book value to reflect the lease payments made.

Lease liabilities are re-measured (and a corresponding adjustment to the related right-of-use asset is made) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of an exercise of a purchase option, in which case, the lease liability is re-measured by discounting the revised lease payments, using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments, using an unchanged discount rate (as long the lease payments do not change due to a change in the effective interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease contract, in which case the lease liability is re-measured based on the modified lease contract term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective rate on the date of the modification.

Right-of-use assets are depreciated over the period of lease term or useful life of the underlying asset (which is shorter). If a lease contract transfer's ownership of the underlying asset or the cost of the right-of-use asset reflecting that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Company applies IAS No. (36) to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property and Equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition occurs and triggers those payments. These payments are included in the line "Other expenses" in the consolidation statement of profit or loss.

The Company as lessor

Leases in which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts.

The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the book value of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's outstanding net investment in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies IFRS No. (15) to allocate the considerations received or receivable according to the contract of each component.

Accounting policy adopted until December 31, 2018

Lease contracts are classified as finance leases when the terms of the lease state the substantial transfer of all ownership risks and rewards to the lessees. Meanwhile, all other lease contracts are classified as operating leases.

The Company as a lessor

The amounts due from the lessees under finance leases are recognized as receivables at the net investment in the lease contracts. Moreover, finance lease income is distributed to accounting periods to reflect a constant periodic rate of return on the outstanding net investment with respect to the lease contracts.

Income from operating leases is recognized using the straight-line method over the life of the lease. The initial direct costs incurred in discussing and arranging the operating lease contract are also added to the book value of the leased assets and are recorded according to the straight-line method over the lease term.

The Company as lessee

Assets acquired through finance leases are recorded at initial recognition at their fair value at the beginning of the lease or at the present value of the minimum lease payments, whichever is less. Finance lease liabilities are recorded at the same value, and these liabilities are presented in the consolidated statement of financial position as finance lease liabilities.

Lease payments are distributed between financing expenses and reduced financial lease liabilities in order to achieve a constant interest rate on the remaining balance of the finance lease liabilities, and financing expenses are recognized directly in the consolidated statement of profit or loss.

Operating lease payments are recognized as an expense in accordance with the straight-line method over the life of the lease, except in cases where another regular basis is more representative of the time pattern in which economic benefits from the leased asset are used. Contingent leases arising from operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating lease contracts, these incentives are recognized as a liability. The overall benefits from the incentives are recognized as a reduction in the lease expense on a straight-line basis, unless there is a systematic basis that is more representative of the time pattern in which economic benefits from the leased asset could be used.

6. Application of New and Revised International Financial Reporting Standards
A. Amendments not having a material impact on the Company's consolidated financial statements:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2019, in the preparation of the Company's consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years. However, these standards may affect the accounting treatment of future transactions and arrangements.

New and Revised Standards	Amendments to the New and Revised International Financial Reporting Standards
Annual improvements to IFRSs issued between the years 2015 and 2017.	Improvements include amendments to IFRS 3, "*Business Combinations*", IFRS 11 "*Joint Arrangements*", IAS 12 "*Income Taxes*" and IAS 23 "*Borrowing Costs*" and as follows: **IAS 12 "Income Taxes":** The amendments clarify that the Company should recognize the income tax consequences of dividends in profit or loss, other comprehensive income, or equity according to where the Company originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. **IAS 23 "Borrowing Costs":** The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. **IFRS 3 "Business Combinations":** The amendments clarify that when the entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognized assets, liabilities, and goodwill relating to the joint operation. **IFRS 11 "Joint Arrangements":** The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Company does not re-measure its PHI in the joint operation.

New and Revised Standards	Amendments to the New and Revised International Financial Reporting Standards
IFRIC 23 "Uncertainty over Income Tax Treatments"	The interpretation clarifies the determination of taxable profit (taxable 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 it specifically addresses. • Whether tax treatment should be considered in aggregate. • Assumptions related to the examining procedures for tax authorities. • Determining taxable profit (tax loss), tax basis, unused tax losses, unused tax exemptions, and tax rates. • The effect of changes in facts and circumstances.
Amendments to IFRS (9): "Financial instruments"	These amendments relate to the advantages of prepayment with negative compensation, as the current requirements of IFRS (9) have been modified in relation to termination rights to allow measurement of the amortized cost (or based on the business model, at fair value through other comprehensive income) even in case of negative compensation payments.
Amendments to IAS (28): "Investment in Associates and Joint Ventures"	These amendments relate to long-term shares in associate entities and joint ventures. They clarify that the entity applies IFRS (9) "Financial Instruments" for long-term shares in an associate entity or joint venture that forms part of the net investment in the associate entity or joint venture in case the equity method has not been applied in this regard.
Amendments to IAS (19): "Employee Benefits Plan"	The amendments pertain to the amendments in the plans, curtailment or settlement.

B. Amendments that Affected the Company's Consolidated Financial Statements:

IFRS (16): "Leases"

The Company has implemented IFRS (16) "Leases" that have replaced the existing guidance on lease contracts, including IAS (17) "Leases" and IFRIC (4) "Determining whether an arrangement contains a lease" and the interpretation of the previous Interpretations Committee (15) "operating 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 financial periods commencing on or after January 1, 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's consolidated statement of 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 amortized over the useful life.

The Company has chosen to use the simplified and permitted approach according to IFRS (16) when applying IFRS (16) for the first time to operating leases (for each lease separately) on an individual basis. Moreover, the right to use leased assets has been measured generally by the amount of rental obligation, using the interest rate for the first-time application.

The right-of-use assets have been measured at an amount equal to the lease obligations, after the amount has been adjusted by any prepaid or due rental payments related to a lease contract recognized in the consolidated statement of financial position as of December 31, 2018. Moreover, no adjustments have been recorded in retained earnings as of January 1, 2019. Under this method, there were no impaired lease contracts that required adjustment to the right-of-use assets on the initial application date.

The right-of-use assets recognized relate to real estate and gas stations leased as of December 31, 2019 and January 1, 2019.

The tables below outline the impact of the implementation of IFRS (16) for each financial item as of December 31, 2019:

Consolidated Statement of Financial Position

Item	Balance as Stated in the Consolidated Financial Statements	Implementation Effect	Balance if not Implemented
	JD	JD	JD
Right-of-Use Assets	60,798,663	60,798,663	-
Receivables and other Debit Balances	598,548,250	(3,770,458)	602,318,708
Deferred Tax Assets	9,125,534	145,490	9,271,024
Property and Equipment and Projects under Construction - Net	177,612,799	(11,269,910)	188,882,709
Total effect on assets		45,903,785	
Leases Liability	55,622,317	55,622,317	-
Total Effect on Liabilities		55,622,317	

Consolidated Statement of Profit or Loss

Item	Balance as Stated in the Consolidated Financial Statements	Implementation Effect	Balance if not Implemented
	JD	JD	JD
Lease Liability Interest	1,031,031	1,031,031	-
Property and Equipment Depreciation	24,681,063	3,634,685	21,046,378
Lease Expenses	2,821,295	(3,972,908)	6,794,203
Total (Loss) in the Consolidated Statement of Profit or Loss		692,808	

Consolidated Statement of Cash Flows

Item	Balance as Stated in the Consolidated Financial Statements	Implementation Effect	Balance if not Implemented
	JD	JD	JD
Profit before Tax	52,141,075	(692,808)	52,833,883
Property and Equipment Depreciation	24,681,063	3,634,685	21,046,378
Receivables and other Debit Balances	598,548,250	(3,770,458)	602,318,708
Net Cash (Used) in Operating Activities		(828,581)	
Paid for Leases Liability		(3,784,572)	
Net Cash (Used) in Investing Activities		(3,784,572)	

The Company's Leasing Activities and Accounting Treatment Mechanism:

The Company rents real estate and gas stations for its operating activities. Some of these rents may include extension options, and lease terms are negotiated on an individual basis and contain a set of different terms and conditions. Lease contracts do not include any pledges and may not be used as collateral for borrowing purposes.

Until the end of the financial year 2018, real estate and gas stations lease contracts have been classified as either operating lease or finance lease, and amounts paid against operating leases are recorded in the consolidated statement of profit or loss according to the straight-line method during the lease contracts term.

Starting from January 1, 2019, lease contracts are recognized as right-of-use assets, and the corresponding liabilities are recognized on the date when the asset is ready for use by the Company. The value of each lease payment is distributed between the lease liabilities and financing cost. Furthermore, financing costs are recorded in the consolidated statement of profit or loss during the lease contracts term to arrive to a fixed periodic interest rate on the remaining balance of the obligation for each period. The right-of-use assets are depreciated during the useful life of the asset or the lease term, whichever is shorter, according to the straight-line method.

Assets and liabilities arising from lease contracts are initially measured according to the present value, and the lease liabilities include the net present value of the following lease payments:

- Fixed payments (including built-in fixed payments) minus receivable lease incentives.
- Variable lease payments that are based on an indicator or rate.
- The amounts expected to be paid by the lessor according to the residual value guarantees.
- Purchase option if the lessor is reasonably certain of this option.
- Payment of the contract termination fines if the terms of the lease contract include this option.

Lease payments are deducted using the implicit interest rate of the underlying lease contracts or the additional borrowing rate of the lessor if they are not available, which is the price that the lessor must pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost, which includes the following:

- The value of the initial measurement of the lease liabilities.
- Any lease payments made on or before the commencement date minus any lease incentives received.
- Any initial direct costs.
- Return costs (renewal and restoration).

Payments related to short-term leases and lease contracts of low-value assets are included as an expense, using the straight-line method, in the consolidated statement of profit or loss. Short-term leases are 12- month or less lease contracts, while low-value assets are those such as low-value IT equipment and small items of office furniture.

When implementing IFRS (16) for the first time, the Company:

- Used a single discount rate for the portfolio of lease contracts that have reasonably similar characteristics.
- Relied on previous evaluations of whether lease contracts are impaired.
- Accounted for operating lease contracts with a remaining lease term of less than 12 months in January 1, 2019 as short-term leases.
- Excluded initial direct costs for measuring the right-of-use assets at the date of initial application.
- Used previous perception to determine the term of the lease contract, as the contract contains options for extending or terminating the lease.

The Company also chose not to reassess whether or not the contract contains a lease contract on the date of the initial application. Instead, the Company relied on the assess of contracts concluded before the date of the transition to be evaluated through the application of IAS (17) "Lease Contracts" and IFRIC (4) "Determining whether an arrangement involves a lease contract."

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

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

New and Revised Standards	Amendments to the New and Revised International Financial Reporting Standards
Amendments to IAS 1 "Presentation of Financial Statements" ***(Effective from January 1, 2020)***	Amendments involve the definition of materiality. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose consolidated financial statements make on the basis of those consolidated financial statements, which provide financial information about a specific reporting entity.'
Amendment to IFRS 3 "Business Combinations" ***(Effective from January 1, 2020).***	These amendments clarify the definition of business, as the International Accounting Standards Board published "The Conceptual Financial Reporting Framework". This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation, and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS (2, 3, 6 and 14) and IAS (1, 8, 34, 37 and 38) and IFRIC (12, 19), Interpretations (20 and 22) and Interpretations of the Standing Committee for the Interpretation of Standards No. (32) in order to update those statements with regard to references and quotations from the framework or to refer to a reference to a different version from the conceptual framework.
IFRS 17 "Insurance Contracts" ***(Effective from January 1, 2022)***	It provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts". IFRS 17 requires insurance liabilities to be measured at a current fulfilment value.

New and Revised Standards	Amendments to the New and Revised International Financial Reporting Standards
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)" ***(Effective date deferred indefinitely Adoption is still permitted).***	These amendments relate to the treatment of the sale or assets contribution from the investor in the associate or the joint venture.

Management expects to apply these new standards, interpretations, and amendments to the Company's consolidated financial statements when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may not have any significant impact on the Company's consolidated financial statements in the period of initial application.

7. Significant accounting policies and uncertain main sources of estimates

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

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

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

- The expected credit loss is measured as a provision that equals the expected credit loss provision over the life time of the asset.

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

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

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

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

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

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

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

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

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

- A provision is made for slow-moving and obsolete and sediment inventory and water that exist in the Company's tanks, and the cost of removing them based on technical studies by the competent authorities and the reports of the inspectors.

- Extension and termination options are included in a number of lease contracts. These terms are used to maximize the operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable both by the Company and the respective lessor.

- In determining the lease contracts 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 assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

- The lease payments (if any) are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of the lease contract.

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

8. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Cash on hand	1,150,201	1,524,316
Current accounts at banks	20,706,734	15,442,587
	21,856,935	16,966,903

9. Receivables and Other Debit Balances

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Security authorities, governmental departments and institutions and the national electricity Company (a)	162,364,992	431,780,345
Fuel clients and others (b)	55,114,291	81,732,199
Alia Company - Royal Jordanian Airlines (c)	9,525,690	33,996,379
Checks under collection (d)	31,450,028	28,399,178
Total receivables	**258,455,001**	**575,908,101**
Ministry of Finance (e)	211,270,511	247,085,929
General sales tax deposits (f)	116,488,695	98,903,802
Other debit balances (g)	3,278,878	5,859,068
Employees receivable	1,641,262	1,665,764
Letters of credit deposits and purchase orders – Subsidiary Company	2,642,685	3,813,881
Prepaid expenses (h)	15,487,756	14,323,133
Contract acquisition expenses – Subsidiary Company (i)	6,265,884	7,705,315
	615,530,672	955,264,993
Less: Expected credit losses provision (j)	(16,982,422)	(14,678,474)
	598,548,250	**940,586,519**

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

	December 31,	
	2019	2018
	JD	JD
1 day – 119 days	90,344,865	131,025,730
120 days – 179 days	14,798,171	17,022,952
180 days – 365 days	45,736,617	74,948,303
More than a year *	107,575,348	352,911,116
Total	258,455,001	575,908,101

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

* This item includes receivables of JD 94,960,653 due from Governmental agencies or guaranteed by the Government whose maturity exceeded one year. The Company's management believes that it has the ability to collect these receivables, and there is no need to record any provisions against these receivables. The receivables include amounts due from partners in subsidiaries of JD 4,516,534, which are past due for over one year. The Company's Management believes that there is no need to record any additional provisions against these receivables. Moreover, agreements have been signed with these partners for them to repay these receivables against real estate mortgages along with the transfer of profits resulting from the subsidiaries' operations to the Company.

a. This item includes receivables for fuel withdrawals by the ministries, governmental departments and entities, security agencies, National Electricity Company, and power-generating companies of JD 136,713,423 related to the refining and gas activities, JD 7,503,463 for the oil activity, and JD 18,148,106 for the Jordan Petroleum Products Marketing Company as of December 31, 2019.

- This item includes receivables of the electricity and power-generating companies against fuel withdrawals of JD 72,193,099 as of December 31, 2019 and JD 76,458,909 as of December 31, 2018.

- Upon Jordan Petroleum Refinery Company's request submitted to the Ministry of Finance for offsetting part of the Ministry of Finance's debt (Ministry of Finance's main account-relationship) and general and special tax on the customs statements at the Customs Department and the approval of the Customs Department on this procedure on March 16, 2020 for an amount of JD 58,042,756, the above offsetting was implemented during the year 2020.

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

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

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

- Upon Jordan Petroleum Products Marketing Company's request submitted to the Ministry of Finance, and approved on November 25, 2019, for offsetting the debts of the Ministry of Health of JD 2,454,472, and the Jordanian Armed Forces of JD 2,730,983 with part of the special tax due from the Company, the above-mentioned offsetting has been implemented.

b. This item includes fuel customers' receivable and others of JD 14,157,529 related to the refining and gas activities, JD 3,120,635 related to the oil activities, and JD 37,836,127 related to Jordan Petroleum Products Marketing Company as of December 31, 2019.

c. On March 6, 2016, the Company signed a settlement agreement related to the outstanding debt with Alia Company - Royal Jordanian Airlines, whereby 10% of the debt balance was paid during March 2016. Meanwhile, Alia Company – Royal Jordanian Airlines commits to paying the remaining amount in 60 installments, the first of which is due on March 31, 2016, and the last on February 28, 2021 at the effective 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 recorded any additional provisions as a result of this settlement. Furthermore, the Ministry of Finance has informed Jordan Petroleum Refinery Company in Letter No. (18/4/15391) dated September 26, 2016, that the provision recorded 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 settlement according to the agreement signed with the Company on March 2016 and pay its monthly withdrawals on time. Accordingly, Jordan Petroleum Refinery Company has reversed the provision recorded for Alia Company – Royal Jordanian Airlines of about JD 31 million in year 2016.

- In accordance with the Council of Minister'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 is calculated annually. Moreover, the Council of Ministers issued Decision No. (293) adopted in its meeting held on October 23, 2016, which stipulated amendment of the Jet fuel consumption segments for one year as of October 31, 2016. Additionally, in its meeting held on February 26, 2017, the Council of Ministers issued Decision No. (1958) which retroactively approved amendment of the implementation commencement date of the decision amending the discount segments under the Council of Ministers' Decision No. (293) effective from August 1, 2015, instead of October 31, 2016. Based on the above 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) adopted in its meeting No. (1/2018) dated March 12, 2018, the Company reduced the amount of JD 15,523,797 from Alia Company – Royal Jordanian Airlines debt during the year 2017, provided that the remaining discount balance is reduced 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 shall be treated under the Council of Ministers' decisions by reducing (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 Council of Ministers' decisions shall be applied independently from Jordan Petroleum Refinery Company. Pursuant to the Council of Ministers' Decision No. (4141) adopted 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 Council of Ministers' Decision No. (5614) adopted in its meeting held on December 17, 2017, the interest rate charged on Alia Company – Royal Jordanian Airlines' debt due to Jordan Petroleum Refinery Company, which was 4.4% per annum on December 20, 2016, and is now 5.3% per annum, has been reduced to 0.5% per annum. 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 effective borrowing average interest rate annually in accordance with the debt settlement agreement with Alia Company – Royal Jordanian Airlines. Moreover, the above decision has been suspended by the Company.

- Pursuant to the Council of Ministers' Decision No. (1958) adopted 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 recorded an amount of JD 11,659,699 to the Ministry of Finance account as a discount to Alia Company according to the above-mentioned Council of Ministers' decisions. The amount of JD 4,663,880 has been reduced from the balance of the debt settlement agreement, and the amount of JD 6,995,819 was recorded as deposits to Alia Company, pursuant to the Company's Board of Directors' Decision No. (5/2/1). The Company did not calculate any discounts as of May 1, 2018.

- The Company sent Letter No. (2/25/51/1/1/6814) dated September 30, 2018 to Alia Company – Royal Jordanian Airlines, stating that if Alia Company is willing to continue to implement the decisions of the Council of Ministers 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 record the amount of the discount and interest difference directly to the Ministry of Finance's accounts. These amounts shall be taken within the settlement of the financial relationship between Jordan Petroleum Refinery Company and the Government pursuant to the Council of Ministers' Decision No. (7633) adopted in its meeting held on April 30, 2018.

- Alia Company – Royal Jordanian Airlines has invited licensed Companies to tender for supplying Royal Jordanian aircrafts with jet fuel according to 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 for the fuel supplies signed between Alia Company – Royal Jordanian Airlines and Jordan Petroleum Products Marketing Company 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.

- Pursuant to with the Council of Ministers' Decision No. (2674) adopted in its meeting held on January 9, 2019, the quantity discount granted to Alia Company - Royal Jordanian Airlines was extended to November and December of 2018.

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

- Pursuant to the Ministry of Finance's Letter No. (18/4/20267) dated September 27, 2019, which included the request of the Ministry of Finance to charge the discount difference due to Alia Company - Royal Jordanian Airlines according to the above-mentioned decisions to the financial relationship between the Government and JPRC until the end of the due discount, Jordan Petroleum Refinery Company 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 Jordan Petroleum Refinery Company and Alia Company – Royal Jordanian Airlines 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 Company - 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 Company –Royal Jordanian Airlines within accounts payable and other credit balances.

- Based on the agreement between Jordan Petroleum Refinery Company and Alia Company - Royal Jordanian Airlines signed on November 26, 2019, and after all the balances between the two Companies have been matched, both parties agreed to offset the accrued outstanding balance due from Alia Company - Airlines Royal Jordanian related to the refining and gas activity against the discount deposits balances and interest deposit balances of Alia Company - Royal Jordanian Airlines. Accordingly, the offsetting took place and resulted in an amount of JD 11,253,235 payable to Alia Company - Royal Jordanian Airlines and booked in the Company's records for the refining and gas activity.

- This item includes accounts receivable of JD 8,739 related to the oil activity, and JD 9,516,951, related to Jordan Petroleum Products Marketing Company as of December 31, 2019.

d. The maturity date of checks under collection of the refining and gas activities extends up to April 30, 2020, and these checks amounted to JD 1,232,734. Meanwhile, the maturity date of checks under collection of the oil activity extends up to December 3, 2020, and these checks amounted to JD 3,235,114. Moreover, the maturity date of checks under collection of Jordan Petroleum Products Marketing Company extends up to November 1, 2021, and these checks amounted to JD 26,982,180.

e. The Ministry of Finance item includes an amount related to the refining and gas activity of JD 211,997,358 and JD (726,847) for Jordan Petroleum Products Marketing Company as of December 31, 2019.

- According to the Ministry of Finance's Letter No. (8AR/ 4/5197), dated February 18, 2020, the balance of the financial relationship with the Government as of December 31, 2018 amounted to JD 591,669,659 as it was confirmed. Moreover, the National Electricity Company has to match its debt as per its own records with that as per the records of Jordan Petroleum Refinery Company. Accordingly, the National Electricity Company has confirmed the balance in its Letter No. (726/2503), dated March 11, 2020, and requested that it be allowed to pay the balance over three years in monthly installments. The company is still in the negotiation stage regarding the installment period.

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

- The Ministry of Finance's balances for Jordan Petroleum Products Marketing Company activity were confirmed as of December 31, 2019 through the Ministry of Finance's approval of the Jordan Petroleum Products Marketing Company's Letter No. (111/2/1645), dated March 4, 2020.

End of the Relationship with the Government

Pursuant to the Council of Minister's Decision No. (7633), adopted in its meeting held on April 30, 2018, 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 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 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 guaranteeing their payment with interest at the actual cost borne by the Company during the above period at the said rates. As a result of the Government's failure to comply with the above decision, and based on the agreement between the Company and the Government, the Council of Ministers' Decision No. (6399) was adopted in its meeting held on September 9, 2019. The decision stipulated that the Company shall borrow an amount equivalent to about JD 457 million from banks to pay part of the balance of debts due to the Company from the Government until December 31, 2018 against the issuance of pledges by the Ministry of Finance to the assigned banks on the payment of the loans and interest thereon. During the first half of October 2019, the Company withdrew an amount of JD 455,505,000 from the banks assigned by the Ministry of Finance. In return, the Ministry of Finance issued pledges to these banks, promising to pay the loan principal and interest thereon. Consequently, the Company decreased the withdrawn amount of JD 455,505,000 from the balance of receivables due from the security authorities, ministries, departments, government agencies, and the Ministry of Finance in accordance with the agreement signed between the Company and the Jordanian Government. Moreover, the Jordanian Government paid all the installments and interest due to the assigned banks on their due date. In the opinion of the Company's management and legal advisors, the Company shall not incur any obligations regarding the loans and pledges above

- The balance of the financial relationship between the Company and the Government related to the refining and gas activity as of April 30, 2018 is as follows:

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

- The balance of the financial relationship between the Company and the Government related to refining and gas activity as of December 31, 2018 is as follows:

	December 31, 2018
Amounts Owed to the Company:	**JD**
Ministry of Finance primary account (relationship)	**267,790,407**
General sales tax deposits	**106,334,261**
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: **	
Armed Forces / Directorate of Supply	88,823,533
Royal Air Force	168,094,404
Directorate of General Security	45,626,257
Directorate General of the Gendarmerie	8,425,446
Civil Defense	3,269,279
Departments, ministries, and Governmental agencies and institutions	3,362,267
National Electricity Company	76,378,522
Total Debts of Security authorities, Governmental Departments and Institutions, and the National Electricity Company	**393,979,708**
Total Amounts Owed to the Company	**768,104,376**
Less: Amounts Owed to the Government:	
Price differences deposits for oil derivatives pricing surplus	44,022,727
Special sales tax deposits	2,861,098
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees, stamps, and allowances according to IPP	36,050,789
Total Amounts Owed to the Government	**176,434,717**
Balance Owed to the Government *	**591,669,659**

* According to the Ministry of Finance's Letter No. (8AR/ 4/5197), dated February 18, 2020, the balance of the financial relationship with the Government as of December 31, 2018 amounted to JD 591,669,659 and it was confirmed. Moreover, the National Electricity Company has to match its debt as per its own records with that as per the records of Jordan Petroleum Refinery Company. Accordingly, the National Electricity Company has confirmed the balance in its Letter No. (726/2503), dated March 11, 2020, and requested that it be allowed to pay the balance over three years in monthly installments. The company is still in the negotiation stage regarding the installment period.

- Pursuant to the Council of Ministers' Decision No. (6399), adopted in its meeting held on September 9, 2019, which stipulated that the Company shall borrow an amount equivalent to about JD 457 million from banks to pay part of the balance of debts due to the Company from the Government until December 31, 2018 against the issuance of pledges by the Ministry of Finance to the assigned banks on the payment of the loans and interest thereon, the Company, during the first half of October 2019, withdrew an amount of JD 455,505,000 from the banks assigned by the Ministry of Finance. In return, the Ministry of Finance issued pledges to these banks, promising to pay the loan principal and interest thereon. Consequently, the Company decreased the withdrawn amount of JD 455,505,000 from the balance of receivables due from the security authorities, ministries, departments, government agencies, and the Ministry of Finance in accordance with the agreement signed between the Company and the Jordanian Government. Moreover, the Jordanian Government paid all the installments and interest due to the assigned banks on their due date.

- The balance of the financial relationship between the Company and the Government related to the refining and gas activities as of December 31, 2019 after reducing the amount of JD 455,505,000 mentioned above is as follows:

	December 31, 2019
Amounts Owed to the Company:	**JD**
Ministry of Finance primary account (relationship)	**211,997,358**
General sales tax deposits	**114,624,265**
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: **	
Armed Forces / Directorate of Supply	1,074,301
Royal Air Force	59,938,960
Directorate of General Security	2,181
Directorate General of the Gendarmerie	-
Civil Defense	-
Departments, ministries, and Governmental agencies and institutions	3,550,513
National Electricity Company	72,147,468
Total Debts of Security authorities, Governmental Departments and Institutions, and the National Electricity Company	**136,713,423**
Total Amounts Owed to the Company	**463,335,046**
Less: Amounts Owed to the Government:	
Price differences deposits of oil derivatives pricing surplus	44,134,309
Special sales tax deposits	(2,189,866)
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees, stamps, and allowances according to IPP	48,609,966
Total Amounts Owed to the Government	**184,054,512**
Balance Owed to the Company from the Government*	**279,280,534**

* According to the Ministry of Finance's Letter No. (8AR/ 4/5197), dated February 18, 2020, the balance of the financial relationship with the Government as of December 31, 2018 amounted to JD 591,669,659 and it was confirmed. Moreover, the National Electricity Company has to match its debt as per its own records with that as per the records of Jordan Petroleum Refinery Company. Accordingly, the National Electricity Company has confirmed the balance in its Letter No. (726/2503) dated March 11, 2020 and requested that it be allowed to pay the balance over three years in monthly installments. The company is still in the negotiation stage regarding the installment period. Moreover, the general sales taxes deposits and special sales tax deposits balances matched the balances as per the records of the Income and Sales Tax Department as of December 31, 2019.

- Upon Jordan Petroleum Refinery Company's request submitted to the Ministry of Finance for offsetting part of the Ministry of Finance's debt (Ministry of Finance's main account-relationship) and general and special tax on the customs statements at the Customs Department and the approval of the Customs Department on this procedure on March 16, 2020 for an amount of JD 58,042,756, the above offsetting was implemented during the year 2020.

- According to the minutes of meeting signed between the related parties in the Ministry of Finance, Ministry of Energy and Mineral Resources, and Jordan Petroleum Refinery Company on 10 March 2020, the balances and accounts of Iraqi crude oil have been matched until December 31, 2019

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

- In accordance with the Council of Ministers' Decision No. (5329), adopted in its meeting held on July 10, 2019, which included the approval to authorize the Jordan Petroleum Refinery Company to implement the terms of the memorandum of understanding for supplying and transporting crude oil between the Government of the Republic of Iraq and the Government of the Hashemite Kingdom of Jordan, the Company signed the agreement at the beginning of August, 2019 and issued a letter of credit in favor of the Central Bank of Iraq to cover the value of 10,000 barrels per day throughout the year according to the monthly average price of a barrel of Brent crude oil minus USD 16, and the supply of the Iraqi oil quantities started at the end of August 2019. As per the minutes of meeting signed between the related parties in the Ministry of Finance, Ministry of Energy and Mineral Resources, and Jordan Petroleum Refinery Company on 10 March 2020, the balances and accounts of Iraqi crude oil have been matched until December 31, 2019.

f- The general sales tax deposits item includes an amount of JD 114,624,265 related to the refining and gas activities, and JD 1,864,430 related to the Jordan Petroleum Products Marketing Company.

- In accordance with the Council of Ministers' 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 general and special sales tax for the period from May 1, 2013 until September 30, 2017. The decision 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. Moreover, the customs statements are being processed at the Jordan Customs Department.

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

Pursuant to the letter of the Prime Ministry No. (12/11/4/2439), dated February 7, 2008, it was approved to apply a general sales tax on unleaded gasoline starting from February 8, 2008 as follows:

1. To adjust the exemption rate on unleaded gasoline (octane 90), according to Article (22/c) of the General Sales Tax Law No. (6) of 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 rate on unleaded gasoline (octane 95), according to Article (22/c) of the said General Sales Tax Law on sales and subject to above to a general sales tax at a rate of 16%.

- According to Law No. (107) of 2019, the Amended Special Tax Law, the general and special taxes, fees and revenue stamp fees have been combined 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 oil derivatives from customs fees (standard fee) pertaining to the refinery activities, except for mineral oils, its inputs, and any oil factory-related materials starting from January 1, 2017 until May 1, 2018, pursuant to the Prime Ministry's Decision No. (3059), dated May 29, 2017. Moreover, the Prime Ministry decided, pursuant to Decision No. (7787), to extend the above-mentioned exemption for the period starting from May 1, 2018 until April 30, 2019. In its Decision No.(5004), the Council of Ministers decided to extend the exemption mentioned above for the period from May 1, 2019 until April 30, 2020.

- In accordance with the Council of Ministers' decision, taken in its meeting held on May 24, 2017, and based on the provisions of Article 149 / C of the Customs Law No. (20) of 1998, exempting imported oil derivatives from customs duties (standard fee), excluding mineral oils and their inputs and any other materials related to the oil factory, the Company obtained the approval of the Ministry of Finance - Customs Department to overtake legalizations of documents (invoice and certificate of origin) based on Article 2 / f of Instructions No. (2) of 1999 for imported oil derivatives, except for mineral oils and their inputs and any other materials related to the oil factory for the period from January 1, 2017 until May 1, 2018, under the Letter of the Ministry of Finance - Customs Department No. (DC108/7/20/32295) dated July 2, 2017. Meanwhile, the overtake legalizations of the documents (invoice and certificate of origin) was renewed as mentioned above for the period from May 1, 2018 to May 1, 2019, under the Letter of the Ministry of Finance - Customs Department No. (DC108/7/20/19243) dated September 3, 2018. Furthermore, the overtake legalization of documents (invoice and certificate of origin) has been renewed as mentioned above for the period from May 1, 2019 until May 1, 2020.

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

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

- In its meeting held on January 3, 2016, under Decision No. (13363), based on the recommendations of the Economic Development Committee in its session held on December 22, 2015, the Council of Ministers approved exempting the Company from general and special sales tax effective from May 1, 2013 on imported for sold quantities to the marketing companies, the general sales tax and special sales tax thereon shall be paid by those companies within the pricing structure of IPP, the customs statements are being processed at the Jordanian Customs Department.

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 debts.

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 gas stations, including an amount of JD 5,071,362 related to the refining and gas activity, and JD 10,416,394 related to Jordan Petroleum Products Marketing Company.

i. This item represents what was paid to the owners of the gas stations according to agreements through which Jordan Petroleum Products Marketing Company supplies these gas stations with their fuel needs. According to the agreements, the company shall participate in building or modernizing the gas stations and installing pumps, the gas stations shall bear the trade name for the Jordan Petroleum Products Marketing Company as their authorized distributor, and the related amounts shall be amortized over the contracts period.

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

	2019	2018
	JD	JD
Balance at the beginning of the year	14,678,474	12,993,853
Add: Provision for subsidiary acquired during the year 2018	-	20,000
IFRS (9) implementation impact	-	1,791,460
Adjusted balance at beginning of the year	14,678,474	14,805,313
Provision recorded during the year – Net	2,631,148	732,175
Recovered during the year *	(327,200)	-
Written-off during the year	-	(859,014)
Balance at the End of the Year	16,982,422	14,678,474

* This item represent the amounts recovered and recorded to the Ministry of Finance for receivables collected during the year 2019, which were recorded provision for these balances before the financial relationship with the government ended.

- The provision for the expected credit losses includes an amount of JD 6,185,318 as of December 31, 2019 (JD 6,512,518 as of December 31, 2018) related to the refining and gas activity, and JD 1,920,676 as of December 31, 2019 (JD 1,712,896 as of December 31, 2018) related to the oil factory, and JD 8,876,428 as of December 31, 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 debts guaranteed by the Ministry of Finance.

End of the Relationship with the Government

Pursuant to the Council of Ministers' Decision No. (7633), taken in its meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on the implementation procedures and submit its conclusions to the Council of Ministers regarding the Ministry of Finance's right to maintain the provision for doubtful debts (provision for expected credit losses). In case any debt that arises during the relationship with the Government is written off, the Ministry of Finance undertakes to pay it to the Refinery. According to the agreement between the Company and the Ministry of Finance, the Ministry of Finance agreed that the company shall retain the expected credit losses provision balance. In the event the Company recovers any receivable amount included in the provision, the recovered amount shall be taken to the Ministry of Finance's account pursuant to the Ministry of Finance's Letter No. (4/18/28669), dated August 29, 2019.

10. Crude Oil, Finished Oil Products, and Supplies

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Finished oil derivatives and lube oil	285,774,084	118,659,643
Crude oil and materials under process	41,863,633	59,043,833
Raw materials, spare parts, and other supplies	66,935,841	73,104,653
Goods in transit	20,567,297	36,195,985
Provision for slow-moving and obsolete and sediments inventory*	(18,295,494)	(18,877,426)
	396,845,361	268,126,688

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

	2019	2018
	JD	JD
Balance at beginning of the year	18,877,426	20,638,343
Provision recorded during the year – net	1,100,414	4,272,106
Paid during the year	(1,674,056)	-
Less: written-off during the year*	(8,290)	(6,033,023)
Balance at the End of the Year	18,295,494	18,877,426

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

End of the Relationship with the Government

Pursuant to the Council of Ministers' Decision No. (7633) taken in its meeting held on April 30, 2018 the Ministry of Finance was mandated to follow up on implementing procedures and submit it's conclusion to the Council of Minister's regarding treatment that Jordan Petroleum Refinery Company shall treat the sediments and water in the tanks and write off the materials no longer needed. Moreover, the slow-moving materials shall be evaluated on April 30, 2018, as well as the cost of sediments and water as well as disposal cost, therefore the surplus calculated shall be transferred to the Ministry of Finance. As a result of the agreement between the Company and the Jordanian Government, the Ministry of Finance issued letter No. (4/18/28669), dated August 29, 2019 granting approval from the Ministry of Finance to the Company to clean the tanks from the sediments and water and the government shall bear the expenses for the tanks cleaning and the Company shall write-off materials, spare parts and supplies no longer needed, and to transfer the surplus balance of the provision slow moving and Obsolete and sediments inventory to the Ministry of Finance. Accordingly, the Company tendered regarding the treatment of sediments and to appoint a specialized committee to study the stock of spare parts and other supplies to determine which material and supplies were no longer needed to be written off.

11. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31,			
	2019		2018	
Listed Shares:	No. of Shares	JD	No. of Shares	JD
Jordan Electricity Company	713,174	870,072	713,174	848,677
Safwa Islamic Bank	256,516	348,862	256,516	287,298
Arab Potash Company	47,300	967,285	47,300	757,746
Jordan Paper and Cardboard Factories Company	33,300	2,997	33,300	4,662
Public Mining Company	27,500	82,225	27,500	82,225
Palestine Development and Investment Company	28,060	21,915	28,060	25,478
Al Motarabita Investment Company	128,259	1,283	128,259	1,283
		2,294,639		2,007,369

12. Deferred Tax Assets

This item consists of the following:

Items that resulted in Deferred Tax Assets:	For the Year Ended December 31, 2019						
	Balance at the Beginning of the Year	Additions	Amounts Released	Balance at the End of the Year	Deferred Taxes	Transferred to Condolidated statement of profit or loss During the Year - Net	Value of deferred tax assets as of December 31, 2018
	JD	JD	JD	JD	JD	JD	JD
Expected credit losses provision	14,678,474	2,631,148	(327,200)	16,982,422	3,161,009	640,586	2,520,423
Gas cylinders provision	5,000,000	4,189,831	(4,189,831)	5,000,000	800,000	50,000	750,000
Employees' vacations provision	2,034,171	176,922	-	2,211,093	353,775	48,649	305,126
End-of-service indemnity provision	184,356	52,013	-	236,369	37,819	10,166	27,653
Slow-moving and obsolete and sediments inventory provision	18,877,426	1,100,414	(1,682,346)	18,295,494	2,927,279	95,665	2,831,614
Storage fees provision	7,090,219	5,049,600	(2,250,000)	9,889,819	1,582,371	518,838	1,063,533
lawsuits provision	1,907,580	-	(1,171,388)	736,192	117,791	(168,346)	286,137
Differences from implementing IFRS "16" - Subsidiary	-	692,808	-	692,808	145,490	145,490	-
	49,772,226	13,892,736	(9,620,765)	54,044,197	9,125,534	1,341,048	7,784,486

- The deferred tax assets for the year 2019 have been calculated at 16% for the refinery, gas activity and oil factory activity and at 21% for Jordan Petroleum Products Marketing Company activity according to the Amended Income Tax Law No. (38/2018).

13. Investment Property - Net

This item consists of the following:

	Land	Buildings	Equipment	Total
For the year ended December 31, 2019	JD	JD	JD	JD
Cost:				
Balance at the beginning of the year	622,022	260,531	99,939	982,492
Balance at the end of the year	622,022	260,531	99,939	982,492
Accumelated Depreciation:				
Balance at the beginning of the year	-	56,171	87,880	144,051
Additions	-	9,548	3,607	13,155
Balance at the end of the year	-	65,719	91,487	157,206
Net Book Value	622,022	194,812	8,452	825,286
For the year ended December 31, 2018				
Cost:				
Balance at the beginning of the year	622,022	260,531	99,939	982,492
Balance at the end of the year	622,022	260,531	99,939	982,492
Accumelated Depreciation:				
Balance at the beginning of the year	-	46,623	79,484	126,107
Additions	-	9,548	8,396	17,944
Balance at the end of the year	-	56,171	87,880	144,051
Net Book Value	622,022	204,360	12,059	838,441
Annual Depreciation Rate %		2	20	

14. Property, lands, equipment and projects under construction:

This item consists of the following:

Year 2019	Lands	Buildings	Machinery and Production Equipment	Machinery and Support Services Equipment	Tanks and Pipelines	Electrical Machines and Equipment	Products Loading Units	Vehicles	Office Furniture and Fixtures	Library and Training Equipment	Distribution Stations Assets	Other Property and Equipment	Computers	Projects under Construction **	Total Excluding Lands and Projects under Construction	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:																
Balance at the beginning of the year	55,618,801	65,833,810	99,024,881	44,259,435	83,754,853	35,864,693	31,910,797	45,564,982	4,217,804	26,883	20,249,623	111,008	10,017,176	25,944,153	440,835,945	522,398,899
IFRS "16" implementation impact*	(9,865,428)	-	-	-	-	-	-	(2,741,551)	-	-	-	-	-	-	(2,741,551)	(12,606,979)
Beginning of the year adjusted balance	45,753,373	65,833,810	99,024,881	44,259,435	83,754,853	35,864,693	31,910,797	42,823,431	4,217,804	26,883	20,249,623	111,008	10,017,176	25,944,153	438,094,394	509,791,920
Additions	-	1,996,671	2,327,849	1,844,237	340,313	74,109	-	1,630,638	42,522	-	1,919,215	-	502,847	22,509,547	10,678,401	33,187,948
Transfers from Projects under Construction	-	7,777,074	531,634	-	232,096	-	-	-	28,017	-	-	-	-	(8,568,821)	8,568,821	-
Disposals	-	(147,089)	(500)	-	(342,840)	(10,979)	-	(388,112)	(5,110)	-	(190,312)	-	(315,710)	-	(1,400,652)	(1,400,652)
Balance at the end of the year	45,753,373	75,460,466	101,883,864	46,103,672	83,984,422	35,927,823	31,910,797	44,065,957	4,283,233	26,883	21,978,526	111,008	10,204,313	39,884,879	455,940,964	541,579,216
Accumulated Depreciation:																
Balance at the beginning of the year	-	24,243,377	98,323,183	40,137,925	62,994,745	28,632,880	31,910,796	32,425,681	2,878,373	26,883	15,927,087	111,008	7,399,358	-	345,011,296	345,011,296
IFRS "16" implementation impact	-	-	-	-	-	-	-	(1,337,068)	-	-	-	-	-	-	(1,337,068)	(1,337,068)
Beginning of the year adjusted balance	-	24,243,377	98,323,183	40,137,925	62,994,745	28,632,880	31,910,796	31,088,613	2,878,373	26,883	15,927,087	111,008	7,399,358	-	343,674,228	343,674,228
Additions	-	3,210,958	3,521,661	-	4,258,949	2,412,087	-	4,096,926	810,447	-	1,656,832	-	1,065,363	-	21,033,223	21,033,223
Disposals	-	(42,320)	(500)	-	(22,600)	(1,726)	-	(288,398)	(61,101)	-	(22,581)	-	(64,500)	-	(503,726)	(503,726)
Balance at the end of the Year	-	27,412,015	101,844,344	40,137,925	67,231,094	31,043,241	31,910,796	34,897,141	3,627,719	26,883	17,561,338	111,008	8,400,221	-	364,203,725	364,203,725
Land valuation difference from subsidiary acquisition	237,308	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237,308
Net Book Value as of December 31, 2019	45,990,681	48,048,451	39,520	5,965,747	16,753,328	4,884,582	1	9,168,816	655,514	-	4,417,188	-	1,804,092	39,884,879	91,737,239	177,612,799
Year 2018																
Cost:																
Balance at the beginning of the year	45,886,924	49,055,502	98,427,400	44,081,721	81,015,349	31,992,266	31,910,797	45,487,584	2,238,797	26,883	22,470,765	111,008	8,586,723	10,028,337	415,404,795	471,320,056
IFRS "15" implementation impact	-	(6,033,691)	-	-	-	-	-	-	-	-	(5,591,329)	-	-	-	(11,625,020)	(11,625,020)
Add: A subsidiary acquired during the year	5,280,981	14,106,675	-	-	1,405,636	-	-	471,070	1,598,997	-	-	-	-	-	17,582,378	22,863,359
Adjusted Beginning Balance	51,167,905	57,128,486	98,427,400	44,081,721	82,420,985	31,992,266	31,910,797	45,958,654	3,837,794	26,883	16,879,436	111,008	8,586,723	10,028,337	421,362,153	482,558,395
Additions	4,487,681	1,987,638	597,481	177,714	529,603	3,319,820	-	226,628	336,303	-	3,303,105	-	294,453	25,386,411	10,772,745	40,646,837
Transfers from Projects under Construction	-	6,717,686	-	-	804,265	594,268	-	-	44,057	-	108,622	-	1,136,000	(9,404,898)	9,404,898	-
Disposals	(36,785)	-	-	-	-	(41,661)	-	(620,300)	(350)	-	(41,540)	-	-	(65,697)	(703,851)	(806,333)
Balance at the End of the Year	55,618,801	65,833,810	99,024,881	44,259,435	83,754,853	35,864,693	31,910,797	45,564,982	4,217,804	26,883	20,249,623	111,008	10,017,176	25,944,153	440,835,945	522,398,899
Accumulated Depreciation :																
Balance - beginning of the year	-	20,578,776	93,413,507	37,275,259	58,286,460	26,598,665	31,910,046	28,457,027	1,973,699	26,883	16,103,107	111,008	6,354,636	-	321,089,073	321,089,073
IFRS "15" implementation impact	-	(1,537,974)	-	-	-	-	-	-	-	-	(2,381,731)	-	-	-	(3,919,705)	(3,919,705)
Add: A subsidiary acquired during the year	-	1,905,404	-	-	588,994	-	-	204,999	351,707	-	-	-	-	-	3,051,104	3,051,104
Adjusted Beginning Balance	-	20,946,206	93,413,507	37,275,259	58,875,454	26,598,665	31,910,046	28,662,026	2,325,406	26,883	13,721,376	111,008	6,354,636	-	320,220,472	320,220,472
Additions	-	3,297,171	4,909,676	2,862,666	4,119,291	2,040,273	750	4,208,823	553,486	-	2,223,914	-	1,044,722	-	25,260,772	25,260,772
Disposals	-	-	-	-	-	(6,058)	-	(445,168)	(519)	-	(18,203)	-	-	-	(469,948)	(469,948)
Balance at the End of the Year	-	24,243,377	98,323,183	40,137,925	62,994,745	28,632,880	31,910,796	32,425,681	2,878,373	26,883	15,927,087	111,008	7,399,358	-	345,011,296	345,011,296
Land valuation difference from subsidiary acquisition	237,308	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237,308
Net Book Value as of December 31, 2019	55,856,109	41,590,433	701,698	4,121,510	20,760,108	7,231,813	1	13,139,301	1,339,431	-	4,322,536	-	2,617,818	25,944,153	95,824,649	177,624,911
Annual Depreciation Rate %	-	2-10	35	35	10	20	20	15	5-20	20	20	20	35	-		

* This item includes the impact of IFRS "16" implementation on the Company's assets related to the marketing activity. These assets were leased as per finance lease contracts according to IAS (17), and were transfered from property, lands, and equipment to right-of-use assets.

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

- Projects under construction include assets for refining and gas activities of JD 38,450,370, of which JD 37,391,596 was for the fourth expansion project that was paid from the reserve allocated for this purpose. Moreover, It includes an amount of JD 1,434,509 as of December 31, 2019, related to the Jordan Petroleum Products Marketing Compamy for the establishment of gas stations.

- Property and equipment includes fully depreciated assets of JD 294,947,684 as of December 31, 2019 (JD 272,454,663 as of December 31, 2018).

15. Intangible Assets - Net

This item consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Jordan Petroleum Products Marketing license *	30,000,000	30,000,000
Goodwill	9,960,314	6,410,380
Operating lease contracts	1,664,164	1,768,267
License agreement – trade name	444,009	393,812
Owned gas stations licenses	1,217,795	4,713,823
	43,286,282	43,286,282
Less: Accumulated amortization**	(20,000,000)	(17,000,000)
	23,286,282	26,286,282

* According to the decision of the Council Ministers, in their letter No. (58/11/1/26041), dated September 30, 2012, it was agreed to grant Jordan Petroleum Products Marketing Company (a subsidiary) a license for operating and distributing oil derivatives. The value of the license was determined to be JD 30 million. Moreover, the Company shall pay the first installment and the remaining balance to be paid in five equal annual installments. In this regard, the Company paid the last installment during the year 2018. Moreover, the Company amortizes the license over 10 years, starting from the commencement date of its operations on May 1, 2013, based on the agreement signed with the Ministry of Energy and Mineral Resources on February 19, 2013. The agreement is renewable.

Goodwill include an amount of JD 960,000 resulting from the acquisition by the Jordan Petroleum Products Marketing Company (Subsidiary Company) of 60% of the shares of Al-Nuzha and Istiqlal Gas Station fuel and oil Company, and represents the valuation difference. In this regard, the recoverable amount from Company has been determined through calculating its expected cash flows based on a 10-year budget approved by its management. Moreover, the expected cash flows for the years 2015 and after were determined, using a growth rate of 4% in revenues and a growth rate of 2.5% in expenses. In management's opinion, the used growth rates for revenues and expenses are reasonable in light of the company's business nature as well as the overall growth of this sector in Jordan. A discount rate of 10% has been used to discount the expected cash flows at an internal rate of return of 15%.

- The subsidiary Company (Jordan Petroleum Products Marketing Company) wholly owned by Jordan Petroleum Refinery Company have acquired the entire share of Hydron Company on December 26, 2018. This acquisition resulted in intangible assets which were definitively calculated by management and financial advisors during the year 2019 as follows:

	December 31, 2019
	JD
Goodwill	9,000,314
Operating lease contracts	1,664,164
License agreement – trade name	444,009
Owned gas stations licenses	1,217,795
Total	12,326,282

** The movement on accumulated amortization for Jordan Petroleum Products Marketing Company license was as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	17,000,000	14,000,000
License amortization for the year	3,000,000	3,000,000
Balance at the End of the Year	20,000,000	17,000,000

16. Lease contracts:

This item consists of the following:

1. Right-of-use assets

   The Company's lease contracts represent leased lands, buildings, and rental equipment, and the lease term ranges from (2) to (26) years. The following is the movement on the right-of-use assets during the year:

	December 31, 2019
	JD
Cost:	
Balance as of January 1, 2019	53,163,437
Transfers from property, lands and equipment – note (14)	12,606,979
Balance at the end of the year	65,770,416
(Less): Accumulated Depreciation:	
Balance as of January 1, 2019	-
Transfers from property, lands and equipment – note (14)	(1,337,068)
Additions during the year	(3,634,685)
	(4,971,753)
Net book value as of December 31, 2019	60,798,663

Amounts recorded in the consolidated statement of profit or loss:	For the year ended December 31, 2019
	JD
Right-of-use assets depreciation	3,634,685
Lease obligations interest expense	1,031,031
	4,665,716

2. Lease contracts obligations:

	For the year ended December 31, 2019
	JD
Balance as of January 1, 2019	58,375,858
Add: Interest during the year	1,031,031
Less: Paid During the year	(3,784,572)
Balance as of December 31, 2019	55,622,317

Lease contracts accrual obligations analysis:	As of December 31, 2019
	JD
Lease liability – current portion	4,537,175
Lease liability – non current portion	51,085,142
	55,622,317

17. Due to Banks

This item consist from overdraft current accounts granted by several local banks to finance the Company's activities, at interest rates and a return on Murabaha ranging from 2.75% to 7% during year 2019 against the guarantee of the Company as a legal personality. This item includes an amount of JD 431,493,051 for the refinery and gas activity, and JD 40,548,949 for Jordan Petroleum Products Marketing Company as of December 31, 2019.

18. Payables and Other Credit Balances

This item consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Deposits of surplus differences of oil derivatives pricing (a)	45,420,322	50,167,633
Special sales tax deposits (b)	46,602,862	12,083,914
Deposits for constructing alternative tanks – Ministry of Finance (c)	93,500,103	93,500,103
Suppliers and obligations from purchase orders and services and others	144,347,307	101,809,796
Gas cylinders provision (d)	5,000,000	5,000,000
Stamp duties, fuel imports fees, jet fuel, strategic inventory fees and treasury support (e)	48,609,966	36,050,789
Occupational accidents indemnity provision	3,234,886	3,726,594
Lawsuits provision (Note 31/b)	736,192	1,907,580
Advance payment from customers (f)	6,726,490	7,982,553
Shareholders' deposits	11,486,901	10,037,296
Creditors and other credit balances	17,284,333	12,092,072
Retention deducted from contractors	929,471	928,975
Employees' vacations provision	2,211,093	2,034,171
Subsidiary companies import pricing differences (g)	9,635,394	8,870,024
Storage fees provision (h)	9,889,819	7,090,219
Retentioned balances against acquisition of subsidiary (i)	1,000,000	1,000,000
Alia company discount deposits – Royal Jordanian Airlines Note (9/c)	-	21,420,015
Alia company interest deposits – Royal Jordanian Airlines Note (9/c)	-	2,884,533
Alia company deposits – Royal Jordanian Airlines (j)	11,253,235	-
	457,868,374	378,586,267

a. This item includes amounts from 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 according to (IPP) and published price in the Kingdom. 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 differences of prices in favor to 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 decision of the oil derivatives pricing committee, in its meeting held on December 13, 2008, provided that the pricing surplus is recorded as a deposits under payables and other credit balances within the consolidated financial statements of the Company.

- Price differences deposits of pricing oil derivatives surplus include an amount of JD 44,134,309 for the refining and gas activities, and JD 1,286,013 for Jordan Petroleum Products Marketing Company as of December 31, 2019.

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

	2019	2018
	JD	JD
Balance at the beginning of the year	50,167,633	46,775,893
Recorded during the year	4,468,760	3,391,740
Paid during the year	(9,216,071)	-
Balance at the end of the Year	45,420,322	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%) excluding Fuel Oil, Jet-Fuel, and Afkaz. Moreover, the special sales tax on unleaded gasoline (both types) was raised, as stated in the pricing mechanism of oil derivatives letter dated September 18, 2010, to be between (18%) and (24%). In accordance with the amended special sales tax law No. (3) for year 2018, the special tax rate on gasoline (95) has increased to become 30%, and the general sales tax rate on gasoline (90) has increased to become 10% effective from January 15, 2018.

- Under Law No. 107 for the year 2019, the amended special tax law, the general and special taxes, fees, revenue stamps has been combined in the bulletin (IPP) under special sales tax and have been determined for each material as per the law mentioned above.

- This item includes an amount of JD (2,189,866) for the refining and gas activity, and an amount of JD 48,792,728 for Jordan Petroleum Products Marketing Company as of December 31, 2019.

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 oil derivatives at an average of (70) thousand tons in Aqaba, the operations of which were ceased, starting from December 1, 2016, according to the oil derivatives selling prices bulletin (IPP).

- This balance represents deposits for constructing alternative tanks fully due on the refinery activities. In this respect, the Jordan Petroleum Products Marketing Company paid the due amount in full during the year 2017. Noting that, starting from December 1, 2016 this item operations were ceased according to the oil derivatives sales price bulletin (IPP).

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

	2019	2018
	JD	JD
Balance at the beginning of the year	5,000,000	10,000,000
Add: recorded during the year *	4,189,831	3,873,407
Less: Released during the year *	(4,189,831)	(8,873,407)
Balance at end of the Year	5,000,000	5,000,000

* During the year ended December 31, 2019 a provision of JD 4,189,831 was recorded 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 4,189,831 has been released. Moreover, the number of gas cylinders sold during the year 2019 was around 33.5 million cylinders.

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

End of Relationship with the Government

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

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

The movement on this item is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	36,050,789	13,401,290
Recorded during the year	12,559,177	22,649,499
Balance at the end of the Year	48,609,966	36,050,789

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

g. This item represents import pricing differences between the cost of imported petroleum products during the years 2017 and 2018 and 2019 and the oil derivatives of selling prices bulletin (IPP) for the imports of Jordan Petroleum Products Marketing Company (a subsidiary), where the company recorded the difference between the actual import cost and the refinery gate price of oil derivatives as per the oil derivatives of selling prices bulletin (IPP) under the item of import pricing differences within payables and other credit balances, as the Company is uncertain as to whether it is the right of the Company or that of the Ministry of Finance.

h. During the year, the Company has recorded a provision for storage fees to meet the Jordan Oil terminals Company (JOTC) claim under its letter 1/64/2018 dated April 3, 2018. The Jordan Oil terminals Company (JOTC) has demanded a storage charge on fuel oil 3.5% and 1% at JD 3.5 per ton stored as of May 25, 2017. However, Jordan Petroleum Refinery Company rejected this claim. Based on this rejection, Letter No. (2/20/408) dated January 3, 2019 from the Energy & Minerals Regulatory Commission (EMRC) 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 & Minerals Regulatory Commission (EMRC) during the first half of the year 2019. Moreover, the claim shall be re-examined for the period from May 25, 2017 until the end of the financial relationship between the Company and the Government, together with the related impact on the Government, noting that the (EMRC) did not determine the final storage fees. Meanwhile, the Jordan Petroleum Refinery Company still rejects the calculation of the fuel 1% storage fees, as this material was imported at the request of the Government to make up for the deficit of the National Electricity Company in light of the interruption of the Egyptian gas supply to cover the local market need, and as the Company is committed to only paying the storage fees on fuel oil of 3.5% as of May 1, 2018 which is the end of the financial relationship with government.

The movement on this item is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	7,090,219	-
Recorded during the year	5,049,600	8,090,219
Paid during the year	(2,250,000)	(1,000,000)
Balance at the end of the Year	9,889,819	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.

j. Based on the agreement between Jordan Petroleum Refinery Company and Alia Company - Royal Jordanian Airlines signed on November 26, 2019 and after all the balances between the two Companies have been matched, both parties agreed to offset the accrued outstanding balance due from Alia Company - Airlines Royal Jordanian related to the refining and gas activity against the discount deposits balances and interest deposit balances of Alia Company - Royal Jordanian Airlines. Accordingly, the offsetting took place and resulted in an amount of JD 11,253,235 payable to Alia Company - Royal Jordanian Airlines and booked in the Company's records for the refining and gas activity.

19. Provision for Income Tax

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

	2019	2018
	JD	JD
Balance at the beginning of the year	5,231,574	4,870,028
Add: Income tax expense for the year	9,293,321	6,311,219
Less: Income tax paid	(6,878,090)	(5,949,673)
Balance at the end of the Year	7,646,805	5,231,574

The Income tax expense for the year shown in the consolidated statement of profit or loss represents the following:

	2019	2018
	JD	JD
Income tax for the year	9,293,321	6,311,219
Deferred tax assets impact for the year – note (12)	(1,341,048)	(490,871)
	7,952,273	5,820,348

- The Company reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of the year 2014. Moreover, the Company's tax return for the year 2015 was assessed, and the outstanding balances were paid. In addition, the Company submitted its tax returns for the years 2016, 2017 and 2018 and paid the declared tax thereof. Meanwhile, the Income and Sales Tax Department has reviewed the Company's accounts, but has not yet issued its final decision thereon. Furthermore, the Company has calculated and paid its tax for the year 2019, and submitted its tax return for the said year. In addition, the tax expense for the year 2019 has been calculated in accordance with the provisions of the Jordanian Income Tax Law. In the opinion of the Company's management and tax advisor, the provisions stated in the consolidated financial statements are sufficient to cover its tax obligations.

- The Jordanian Petroleum Products Marketing Company (a subsidiary company) reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of the year 2015. In addition, the company submitted its tax returns for the years 2016, 2017 and 2018 and paid the declared tax thereof. Meanwhile, the Income and Sales Tax Department has reviewed the company's accounts, but has not yet issued its final decision thereon. Furthermore, the company has calculated and paid its tax for the year 2019, and submitted its tax return for the said year. In addition, the tax expense for the year 2019 has been calculated in accordance with the provisions of the Jordanian Income Tax Law. In the opinion of the company's management and tax advisor, the provisions stated in the consolidated financial statements are sufficient to cover its tax obligations.

- The income tax returns have been submitted for all of the subsidiary companies of the Jordan Petroleum Products Marketing Company up to the year 2018, and the declared income tax was paid. However, the tax returns have not been reviewed yet. Moreover, the tax expense of the subsidiary companies has been calculated for the year 2019 according to the Jordanian Income Tax Law. In the opinion of the Company's management and tax advisor, the provisions stated in the consolidated financial statements are sufficient to cover its 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 a tax differences 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 the Company loans that exceeded the accepted borrowings total amount related to the capital, as per the income and sales tax law, these borrowings were to fulfill the supply needs of power 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 the income tax differences, legal compensations, and fines for the years 2011, 2012 and 2013. Consequently, the Company recorded a provision for the income tax differences for the year 2014, as this year has not been included in the decision for exemption of JD 5,422,683, provision for legal compensation for the year 2014 of JD 4,338,146, and a provision for delay payments (0.004) amount of JD 1,897,939, to meet any probable future tax liabilities until the Income tax department reviews the year 2014. The Income and Sales tax department presented the final and irrevocable tax assessment for 2014. Moreover, the Company was informed on July 2, 2017 about the results of its tax assessment additional taxes amount of JD 7,838,578 were imposed, and a legal compensation amount of JD 6,270,866 was imposed on the above tax differences. The provision for tax differences was increased to JD 7,838,578, and the provision for legal compensation was increased to JD 6,270,866. Additionally, the provision for late payment of (0.004) was increased to JD 2,743,502 for the period ended September 30, 2017. The Company submitted an objection to the income and sales tax department because these amounts resulted from its borrowings which exceeded the capital ratio in accordance with the income and sales tax law, and the reason for borrowing is to fulfill the supply needs of the power electricity-generating companies of diesel and fuel oil in light of the interruption of the Egyptian gas supply.

  The final decision was issued on November 6, 2017 in a notification letter by the Ministry of Finance/Income and Sales Tax Department, which stipulated reducing the differences amount to JD 6,531,687، and the legal compensation to JD 250,311. The Company paid the amounts stated in the notification letter and a penalty of JD 2,286,090 at a rate of (0.004) and recorded the difference of JD 2,590,680 as revenue in the consolidated statement of profit or loss for the year ended December 31, 2017.

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

20. Capital and Reserves

A. Capital

The General Assembly decided in its extraordinary meeting held on April 29, 2015, to increase the Company's capital to JD 75 million through capitalizing JD 12/5 million from retained earnings and to distribute it as stock dividend at 20%. Moreover, the Company's General Assembly decided in its extraordinary meeting held on April 28, 2016 to capitalize JD 25 million from retained earnings and to distribute it as free shares at 33.3% to the shareholders. Consequently, the Company's authorized and paid-up capital has become JD 100 million as of December 31, 2019.

B. Statutory Reserve

In accordance with the Companies Law No. (34) for the year 2017, 10% of annual net income before tax shall be allocated to the statutory reserve. The allocation shall not be stopped before the total amount allocated to this account is equivalent to one quarter of the Company's authorized capital. However, upon the approval of the Company's General Assembly, dated April 30, 2018, the statutory reserve deduction has been discontinued for the Company, while 10% of net income before tax shall continue to be deducted and allocated to the statutory reserve for the subsidiaries. In this regard, the said deduction for the subsidiary companies may not be discontinued before the total amounts accumulated in this account reach the amount of their authorized capital. Moreover, the deduction has been discontinued based on the decision of the General Assembly taken in its meeting held on April 27, 2019.

C. Voluntary Reserve

The amounts accumulated in this reserve represent what has been transferred from annual net income before taxes at a maximum rate of 20%. This reserve will be used for the purpose approved by the Board of Directors. Moreover, the General Assembly of Shareholders has the right to capitalize or distribute the whole reserve or part thereof as dividends to shareholders. In its ordinary meeting dated on April 27, 2019, the General Assembly decided to allocate JD 8,538,579 to the voluntary reserve from retained earnings, and to use the accumulated voluntary reserve balance for the Fourth Expansion Project.

D. Fourth Expansion Reserve

This item represents what is transferred from the annual profits before taxes at a maximum rate of 20%. In its ordinary meeting held on April 30, 2018, the General Assembly decided to allocate an amount of JD 7,836,292 from retained earnings to the fourth expansion reserve. In its ordinary meeting held on April 27, 2019, the General Assembly decided to allocate an amount of JD 8,538,579 from retained earnings to the fourth expansion reserve.

During the year 2019, an amount of JD 15,958,952 was paid to prepare the designs, studies, and consultations for the fourth expansion project.

21. Financial Assets at Fair Value Reserve - net

This item represents the fair value reserve for the financial assets at fair value through comprehensive income which resulted from assets revaluation at fair value as of December 31, 2019.

22. Retained Earnings

The General Assembly decided in its extraordinary meeting held on April 29, 2015, to increase the Company's capital to JD 75 million through capitalizing JD 12/5 million from retained earnings and to distribute it as free shares at 20%. Moreover, the Company's General Assembly decided in its extraordinary meeting held on April 28, 2016 to capitalize JD 25 million from retained earnings and to distribute it as stock dividend at 33.3% to the shareholders. Consequently, the Company's authorized and paid-up capital has become JD 100 million as of December 31, 2019.

In its ordinary meeting held on April 27, 2019, the General Assembly approved the distribution of cash dividends at a rate of 25% from the Company's authorized and paid-up capital as dividends to shareholders, 20% from annual profits before tax to the voluntary reserve, and 20% to the fourth expansion project reserve.

23. Sales - net

This item consists of the following:

	2019	2018
	JD	JD
Refinery and gas cylinders filling sales*	542,525,233	1,019,763,682
Lube-oil factory sales	26,652,097	26,223,997
Jordan Petroleum Products Marketing Company sales	1,480,033,244	1,153,296,229
(Less): Fees, stamps, taxes and allowances according to selling prices of oil derivatives bulletin (IPP)	(585,854,635)	(466,907,651)
	1,463,355,939	1,732,376,257

* During the year 2019, the oil derivatives sales of Jordan Petroleum Refinery Company to Jordan Petroleum Products Marketing Company (a subsidiary) amounted to JD 550,788,280.

24. Cost of Sales

This item consists of the following:

	2019				2018
	Refinery and Gas Cylinders Filling Activity *	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Total	Total
Raw Materials:	JD	JD	JD	JD	JD
Crude oil and materials under process at the beginning of the year	58,965,375	78,458	-	59,043,833	46,233,517
Purchases of crude oil and raw materials used in production	323,140,758	12,882,604	-	336,023,362	438,978,305
Crude oil and materials under process at the end of the year	(41,651,775)	(211,858)	-	(41,863,633)	(59,043,833)
	340,454,358	12,749,204	-	353,203,562	426,167,989
Industrial Expenses:					
Employees' salaries and other benefits	24,848,848	1,167,031	2,840,030	28,855,909	26,914,829
Property and equipment depreciation	8,824,747	428,312	2,433,143	11,686,202	15,492,002
Amortization of right-of-use lease	-	-	3,634,685	3,634,685	-
Materials, spare parts, and other supplies	7,173,277	32,584	810,739	8,016,600	10,239,030
Transportation fees and other expenses	10,386,285	673,344	13,869,642	24,929,271	15,699,603
Total Industrial Expenses	51,233,157	2,301,271	23,588,239	77,122,667	68,345,464
Total Production Cost	391,687,515	15,050,475	23,588,239	430,326,229	494,513,453
Add: Finished oil derivatives and lube oil at the beginning of the year	96,563,094	896,508	21,200,041	118,659,643	149,945,817
Purchases of finished goods during the year	204,058,861	-	906,828,109	1,110,886,970	1,170,177,674
Total Goods Available for Sale	692,309,470	15,946,983	951,616,389	1,659,872,842	1,814,636,944
Less: Finished oil derivatives and lube oil at the end of the year	(215,875,087)	(661,504)	(69,237,493)	(285,774,084)	(118,659,643)
	476,434,383	15,285,479	882,378,896	1,374,098,758	1,695,977,301
Subsidy of oil derivatives recorded on the Ministry of Finance account	(23,874,781)	-	(6,353,472)	(30,228,253)	(74,295,287)
Surplus of oil derivatives pricing difference recorded to the Ministry of Fina	111,581	-	4,357,179	4,468,760	3,391,740
	452,671,183	15,285,479	880,382,603	1,348,339,265	1,625,073,754

* Notwithstanding the Prime Ministry's Decision No. 7633, taken in its meeting held on April 30, 2018, the gas activity has not been separated from the refining activity. The decision determine the return on Investment (ROI) for the LPG filling stations for the purpose of calculating the commission to be 12% annually, and it set the commission on the filling of gas cylinders for the period from May 1, 2018 to December 31, 2018 at JD 43 per ton sold. This is as such provided that any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value be treated when calculating the filling stations' commission amount in the subsequent period. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector Regulatory Authority with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020. At the same time, the Company has provided the entities appointed by the said ministry with all the required data, and this matter is still in process.

- The average cost of buying a barrel of crude oil was USD 66/51 for the year ended December 31, 2019 (compared to USD 71/48 for year 2018).

25. Operating Income and Other

This item consists of the following:

	2019	2018
	JD	JD
Income from Ports Corporation *	1,440,000	1,440,000
Dividends shares income	131,770	105,007
Tanks rent, evaporation, and marketing companies uploading and downloading fees **	10,425,984	10,324,364
Delay interest	1,659,258	2,618,087
Foreign currency gains	2,011,288	226,674
Various other income	5,236,059	2,470,932
	20,904,359	17,185,064

* This item represents gain due to Jordan Petroleum Refinery Company from using the services of the Company's employees by the Ports Corporation during the years 2019 and 2018, to assist in the work of Aqaba ports.

** This item represents tanks rent, evaporation, loading and downloading fees on the quantities imported by the marketing companies, as well as the storage of operating stock fees related to the marketing companies, as per the instructions of the Ministry of Energy and Mineral Resources to these companies to make available the required operating stock for their activities.

26. Selling and Distribution Expenses

This item consists of the following:

	2019	2018
	JD	JD
Salaries and other employees' benefits	25,137,813	22,069,608
Oil derivatives transportation fees	2,836,089	2,391,336
Company's contribution to the Death, compensation and end of service indemnity Disability Fund	2,689,732	1,366,246
Property and equipment depreciation	8,544,444	9,021,226
Raw materials, spare parts, water, electricity and other supplies	3,140,130	6,240,623
Insurance fees	1,028,495	442,240
Fees, taxes, and stamps	1,530,335	437,602
Security and safety expenses	1,989,291	2,108,084
Rents	2,638,882	2,698,043
Operational storage fees	610,090	1,657,186
Gas stations management service fees	2,735,639	1,216,766
Various selling and distributing expenses	5,152,572	8,251,081
	58,033,512	57,900,041

27. General and Administrative Expenses

This item consists of the following:

	2019	2018
	JD	JD
Salaries and other employees' benefits	7,311,274	6,689,416
Company's contribution to the Death, compensation and end of service indemnity Disability Fund	589,687	418,993
Cash donations and contributions	542,823	336,829
Postage and telephone	82,784	94,446
Stationery and printing	81,356	62,640
Property and equipment depreciation	815,732	765,488
Technical and legal consultations	360,104	429,533
Advertisements	227,785	303,152
Maintenance and repairs	231,636	204,768
Rents	182,413	263,163
Subscriptions	280,808	250,417
Insurance fees	64,544	57,274
Water and electricity	149,479	160,113
Professional fees	148,672	122,122
Fees, taxes, and stamps	534,551	716,148
Various general and administrative expenses	952,859	292,549
	12,556,507	11,167,051

28. Settlement of targeted Income with the Government before the End of the Relationship with the Government

The calculated difference for reaching the targeted income 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 income settlement with the Government which affected the amounts due from the Ministry of Finance as stated in receivables and other debit balances. Moreover, no income settlement with the Government has been reached after April 30, 2018, the end of the relationship with the Government as of May 1, 2018. Moreover, the gas activity income was not excluded from income for the year ended 2019, even though, pursuant to the Prime Minister's Decision No. (7633), taken in the Prime Ministry's meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the decisions reached and prepare a report thereon to the Council of Ministers regarding the setting of the investment return rate on LPG filling stations for the purpose of calculating the commission amount at 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/downward. This is as such, provided that the above mechanism does not result in any increase in the cylinder's cost to citizens or a subsidy by the Treasury / Ministry of Finance for this activity. Moreover, the Company has already provided the Energy Sector Regulatory Authority with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020. At the same time, the Company has provided the entities appointed by the said ministry with all the required data, and this matter is still in process.

- The movement on the settlement of income with the Government for the period ended 30 April 2018 as follows:

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

- Moreover, the change in selling prices oil derivatives bulletin (IPP) between the years 2017 and 2018 and 2019, representing a decrease in the refinery gate price and an increase in the amount of Governmental fees and taxes has had a financial impact on the net sales of the refining activity and the settlement of the financial relationship with the Government.

* In accordance with the Prime Ministry's Letter No. (31/17/5/21025), related to the opinion of the Legislation and Opinion Bureau, Jordan Petroleum Refinery Company is responsible of the costs of the Indian cylinders rejected by the Jordan Institution for Standards and Metrology. Accordingly, Jordan Petroleum Refinery Company sent Letter No. (2/25/25/7/1741), dated February 14, 2017, to His Excellency the Minister of Finance. The letter stated that the cost of the Indian cylinders incurred by the Company up to December 31, 2016 amounted to JD 7,665,784, and that the net selling price of these cylinders amounted to JD 1,331,250, and therefore, the net losses amounted to JD 6,334,534. If the Company were to bear all these costs at the same time, the targeted (guaranteed) income would decrease by JD 5,067,628 for the year ended December 31, 2016. This would affect the Company negatively in the financial market. Consequently, the Council of Ministers approved, in its Letter No. (31/17/5/14/14153), dated March 28, 2017, that the Company would bear the net cost of the provision for the Indian cylinders of JD 6,334,534 over five years starting from the year 2016 for JD 1,266,907. This amount has been deducted from the targeted income for the Company of JD (15) million. Accordingly, the net targeted income for the years 2016 and 2017 became JD 13,733,093 for each year. An amount of JD 2,533,814 was amortized in the Statement of Profit or Loss for the refining and gas filling activity during the years 2016 and 2017, and the amortization of the remaining amount, which represents JD 3,800,720 has been deferred to be amortized over the upcoming three years.

The Company amortized an amount of JD 1,829,004 during the year 2018, and the remaining amount of JD 3,658,008 during the years 2019 and 2020. During the year 2019, the Company amortized the entire remaining amount of JD 3,658,008.

Pursuant to the Decision No. (48) of the Company's Board of Directors, in its meeting No. 4/2018, dated April 28, 2018, Jordan Petroleum Refinery Company donated the Indian cylinders rejected by the Standards and Metrology Institution, in addition to their valves and 1,500 spare valves, and their containers to the Arab International Construction and Contracting Company, which is considered a subsidiary company of the Jordanian Armed Forces / Arab Army. Accordingly, the actual cost of the cylinders, valves, and containers stored in them has become JD 8,020,825. In this regard, IFRS requires that the full amount should be recognized when incurred without being deferred. Moreover, the Company's records indicate that if the loss had been recorded when incurred during the year 2016, it would have resulted in a decrease in profit and retained earnings of JD 5,067,628, instead of being decreased by JD 1,266,907 as at December 31, 2016, and it resulted an increase in profit for the year 2019 by JD 3,658,008.

The following table represents the calculation of the Company's targeted income as of April 30, 2018:

	April 30, 2018
	JD
Actual cost of the Indian 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
Amortized for the period from January 1, 2018 to April 30, 2018 of amount	(609,668)
Targeted income for the period before the amortization	5,000,000
Targeted income for the company after the amortization	4,390,332

- The Company calculated the cost of the loss amortization of the Indian Gas Cylinders, valves, and containers for the years 2019 and 2020 and recorded it in the consolidated statement of profit or loss at JD 3,658,008 for the year 2019. Moreover, the total loss amount of JD 8,020,825 was fully amortized.

29. Earnings per Share for the Company's Shareholders

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

	2019	2018
	JD	JD
Profit for the year-shareholders	43,866,972	36,616,235
Weighted-average number of shares	100,000,000	100,000,000
Earnings per share for the year – Basic	-/439	-/366
Earnings per share for the year – Diluted	-/439	-/366

- The weighted-average number of shares for diluted earnings per share for the year attributable to the Company's shareholders is calculated based on the number of authorized shares for the two years ended December 31, 2019 and 2018.

30. Non-Controlling Interests

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

	December 31, 2019		
Company	**Non-controlling Percentage**	**Non - controlling Share from Net Profit (Loss)**	**Non-controlling Share from Net Assets**
	%	**JD**	**JD**
Al-Nuzhah and Istiklal station for Fuel and Oil Company	40	167,473	1,122,473
Al-Karak Central Gas station for Fuel Company	40	16,453	538,987
Rawaby Al-Qwirah Gas Station for fuel and oil Company	40	77,379	788,006
Al-A'on for Marketing and Distributing Fuel and oil Company	40	(31,032)	567,862
Al-Tariq Al-Da'ari gas station for fuel Company	40	(10,889)	417,809
Al-Wadi Al-abiad Gas station for fuel Company	40	14,991	613,739
Jordanian German for fuel Company	40	17,301	612,322
Al-Tanmwieh Al-A'ola for fuel company gas stations	40	(40,180)	595,806
Al Kamel Gas Station for oil and fuel Company	40	141,557	1,283,552
Al Shira' Gas Station for fuel and oil Company	5	(107)	137,194
Al Qastal Gas Station for oil and fuel Company	40	387	444,664
Taj Amoun Gas Station for fuel Company	20	(31,503)	1,568,055
		321,830	8,690,469

31. Contingent Liabilities and Financial Commitments

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

	December 31,	
	2019	2018
	JD	JD
Letters of credit and bills of collections*	744,150,626	545,692,197
Letters of guarantee	10,960,616	13,063,701
Contracts for projects under construction	39,459,228	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 as of December 31, 2019 and 2018.

b. There are lawsuits in courts raised against the Company for financial claims estimated at JD 736 thousand as of December 31, 2019 (JD 1.9 million as of December 31, 2018). Moreover, some prior year's lawsuits were filed against both the Government and the Company. Consequently, the estimated contingent liabilities from unsettled lawsuits and the required provisions have been taken in accounts payable and other credit balances. In the opinion of the Company's management and its legal consultant, the booked provisions are sufficient to meet any future obligations.

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

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

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

1. To confirm the balance of the Ministry of Finance's main account of JD 195,194,153, and the balance of the general sales tax deposits of JD 97,388,860, and the balance of special sales tax deposits of JD 937,034 as of September 30, 2017 as a right for Jordan Petroleum Refinery Company for the refining and gas activity. 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 the 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 recorded for the debts of Royal Jordanian Company, municipalities, governmental universities, and administratively and financially independent governmental 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 price differences deposits for oil derivatives pricing surplus of JD 43,488,857, and deposits for setting up alternative tanks of JD 93,500,103 as well as fees, stamps and allowances according to (IPP) 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 claiming the amount of valuation in 2008 of JD 156,787,303. Meanwhile, Jordan Petroleum Refinery Company is objecting 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 which party will maintain gas cylinders provision balance of JD 10 million.

5. The two parties have agreed that the provision for lawsuits and other liabilities balance of JD 6.3 million as of September 30, 2017 is a right 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 of Finance 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 (occupational accidents indemnity; provision for employees' vacation; provision for end- of-service indemnity; and provision for death, compensation, and end-of-service indemnity) as of September 30, 2017 is the right of Jordan Petroleum Refinery Company.

9. The two parties have not reached an agreement as to which party will maintain the provision for doubtful debts balance (expected credit losses) 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 is a right to the Jordanian Government. In this regard. Meanwhile, 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 is a right to the Jordanian 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 slow-moving and obsolete and sediments inventory balance of JD 19.9 million as of September 30, 2017.

- In accordance with the Prime Ministry's Decision No. (7633), taken in its meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the procedures and submitting its conclusions thereon to the Council of Ministers concerning the calculation of the rental value of the assets transferred from the Refinery to the Jordan Petroleum Products Marketing Company at the approved percentage from the Land and Survey Department of (8 %) on land and buildings of JD 4.9 million from the transfer date of those buildings up to date. However, the Company insists on rejecting the aforementioned, as the transferred assets are the property of the Jordan Petroleum Refinery Company under the Concession Settlement Agreement, which states that the stations are owned by the Jordan Petroleum Refinery Company and that they shall be transferred to the Jordan Petroleum Products Marketing Company owned by the Jordan Petroleum Refinery Company. From a legal perspective, the Company has the right to dispose of its assets in accordance with Article 236 of the Civil Code. Meanwhile, transfer of the assets at their net book value was carried out similar to the assets transferred at their net book value to other marketing companies in accordance with the agreement signed between the three marketing companies and the Ministry of Energy and Mineral Resources. Also, the concession agreement stipulated that the Jordan Petroleum Products Marketing Company owned by the Jordan Petroleum Refinery Company applies to other marketing companies. In the meantime, negotiations are still going on between the Company and the Government, and agreement has been reached for the Ministry of Finance to recommend to the Council of Ministers to cancel this item, and the matter is still being processed. Although, the concession agreement signed between Jordan Petroleum Refinery Company and the Government on February 25, 2008 stipulated that Jordan Petroleum Refinery Company shall be granted part of the distribution activity (one of the licensed distribution companies with a share of not less than 25 % of the market) subject to all conditions and terms applicable to the other distribution companies. Moreover, the agreement stipulated that the assets of this company shall include the gas stations owned by Jordan Petroleum Refinery Company. It also stipulated that Jordan Petroleum Refinery Company shall have the right to separate and sell the oil derivatives stations owned by Jordan Petroleum Refinery Company to the distribution companies. In addition, the agreement stated that Jordan Petroleum Refinery Company is the owner of the tanks and pumps and has the right to sell them to the distribution companies. This agreement also prescribed that the Government shall own some entities within Jordan Petroleum Refinery Company (storage and loading facilities in Aqaba and facilities within the Jordanian airports. In the beginning, Jordan Petroleum Refinery Company was involved as a partner, and subsequently, it was fully owned by the Government according to the minutes of the meeting held in September 2012, regarding the Company's future operations). Meanwhile, Jordan Petroleum Refinery Company shall retain the remaining properties and other assets, including maintaining its ownership of the oil derivatives loading and distribution facilities. Since Jordan Petroleum Refinery Company established Jordan Petroleum Products Marketing Company (JPPMC), which started its operations in May 2013, and transferred the distribution activities to JPPMC, which it became mandatory that the distribution activities facilities and gas stations should be transferred to JPPMC.

According to the meeting minutes regarding the Company's future operations signed on September 13, 2012, the financial relationship between Jordan Petroleum Refinery Company and the Government of Jordan ended on April 30, 2018. In its meeting held on April 30, 2018, the Council of Ministers issued Decision No. (7633), extending the exemption of oil derivatives from Jordan Petroleum Refinery Company's refining activity from implementing the Jordanian specifications throughout the period of implementation of the Fourth Expansion Project as of May 1, 2018, provided that commitment is made regarding the project implementation stages and that Jordan Petroleum Refinery Company's production may not exceed 46% of the local market needs for non-conforming oil derivatives. The decision also mandated the Ministry of Finance to follow up on the implementation of procedures concerning the below points, and submit any related observations 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 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 the year 2020. Meanwhile, the Ministry of Finance shall provide Jordan Petroleum Refinery Company with a letter stating the amounts due to the Company as of April 30, 2018, and guaranteeing their payment with interest at the actual cost borne by the Company during the above period at the said rates. As a result of the Government's failure to comply with the above decision, and based on the agreement between the Company and the Government, the Council of Ministers' Decision No. (6399) was adopted in its meeting held on September 9, 2019. The decision stipulated that the Company shall borrow an amount equivalent to about JD 457 million from banks to pay part of the balance of debts due to the Company from the Government until December 31, 2018. In return, the Ministry of Finance shall pledge to pay the loans and interest thereon to the assigned banks. During the first half of October 2019, the Company withdrawn the amount of JD 455,505,000 from the banks which were referred from the Ministry of Finance, were the Ministry of Finance issued a pledges for the banks in order to pay loans installments and interests due to banks. Therefore the company decreased the withdrawn amount JD 455,505,000 from the balance of receivables due from the security authorities, ministries, departments, government agencies, and the Ministry of Finance in accordance with the agreement signed between the Company and the Jordanian Government. Moreover, the Jordanian Government paid all the installments and interest due to the assigned banks on their due date. In the opinion of the Company's management and legal advisors, the Company shall not incur any obligations regarding the loans and pledges above (Note 9 / E).

2. Jordan Petroleum Refinery Company shall treat the sediments and water in the tanks and dispose the materials no longer needed. Moreover, the slow-moving materials shall be evaluated on April 30, 2018; the cost of the sediment and water, as well as the disposal costs thereof, shall be calculated; and the surplus shall be transferred to the Ministry of Finance. As a result of the agreement between the Company and the Government, the Ministry of Finance issued Letter No. 4/18/28669, dated August 29, 2019, granting approval to the Company to clean its tanks from sediments and water at the Government's expense, and write off materials, spare parts, and supplies no longer needed, and transfer the surplus balance of the provision for slow-moving and obsolete and sediments inventory to the Ministry of Finance. Accordingly, the Company tendered the treatment of sediments, and commissioned a specialized committee to study the stock of spare parts and other supplies to determine which materials and supplies were no longer needed, and consequently, write them off (Note 10).

3. 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, repair, and replacement of the cylinders exceeds the said amount, the difference shall be transferred from deposits from 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 is 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, and this action was approved by the Ministry of Finance under its Letter No. 4/18/28669, dated August 29, 2019 (Note 18/D).

4. Jordan Petroleum Refinery Company shall delete the interest of JD 79.2 million on the National Electricity Company's borrowings, provided that settlement is reached between the National Electricity Company and the Government. Moreover, the Company has deleted these amounts from the consolidated statement of financial position pursuant to the Ministry of Finance's Letter No. 18/73/33025, dated November 25, 2018 and addressed to the National Electricity Company. The letter states that the Ministry of Finance shall record the interest as an advance due from the National Electricity Company to the Government at the Ministry of Finance until full payment. In addition, the Ministry of Finance issued its approval to delete the interest of JD 79.2 million on the National Electricity Company's borrowings pursuant to the Ministry of Finance's Letter No. 4/18/28669, dated August 29, 2019. Accordingly the Company has deleted the interest on the National Electricity Company's borrowings from the Company's records.

5. Jordan Petroleum Refinery Company tax status shall be rectified as regards the inclusion of tax in the selling prices bulletin of oil derivatives (IPP) after the refinery gate price. In this respect, the refinery gate price does not include general and special taxes. Instead, taxes are included afterwards, collected from the marketing Companies, and forwarded to the State Treasury (Note 9/F).

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

7. Gasoline (95) used for the mixing process to produce gasoline (90) and (95) shall be exempted from the tax differences between import and sale in accordance with the Council of Ministries' Decision No. (6953), adopted in its meeting held on March 19, 2018. Moreover, the necessary procedures shall be facilitated concerning the implementation of the Council of Ministers' Decision No. (13363), adopted in its meeting held on January 3, 2016, related to exempting the Company's imports sold to the marketing companies inside the kingdom. In this respect, the decision prescribes exempting Jordan Petroleum Refinery Company from general and special taxes as of May 1, 2013, on the quantities sold exclusively to the marketing companies inside the kingdom. The decision also prescribes resolving all pending issues with the Customs Department and completing all customs statements, whether pending at the Customs Department or the Jordan Standards and Metrology Organization before the relationship with the Government expired. Moreover, a committee was formed by the Ministry of Finance and the Ministry of Energy and Mineral Resources comprising representatives from the Jordan Customs Department, the Income and Sales Tax Department, and Jordan Petroleum Refinery Company. During October 2019, the said committee completed its work and submitted its final report to the Ministry of Finance and the Ministry of Energy and Mineral Resources. Accordingly, the Ministry of Finance and the Ministry of Energy and Mineral Resources approved the quantities stated in the committee's report, and the Customs Department prepared the customs statements, which are being processed. Meanwhile, the Company submitted a request to the Ministry of Finance for offsetting the amounts due from the Company against part of the Ministry of Finance's dues for the amounts of non-exempt customs statements not covered by the above decisions. Moreover, the Customs Department approved the request on March 16, 2020 (Note 9/F).

8. The Government's strategic inventory, which has been quantified and valued, shall be transferred to the Jordan Oil Terminals Company (JOTC), provided that the value of this inventory is settled later. Additionally, Jordan Petroleum Refinery Company started transferring the strategic inventory to JOTC during April 2018, and is still transferring the quantities to JOTC according to the quantities requested by JOTC and the Ministry of Energy and Mineral Resources and JOTC's storage capacity. This action was approved by the Ministry of Finance, and the inventory amount was settled according to the Ministry of Finance's Letter No. 4/18/28669, dated August 29, 2019. The letter stated the Ministry of Finance's approval on transferring the quantities of the strategic inventory to JOTC. In addition, the financial matters related to the strategic inventory amount have been irrevocably settled (Note 34).

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

10. The rate of return on investment shall be determined for LPG filling stations for the purpose of calculating the commission 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. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated, when calculating the filling stations' commission amount, in the subsequent period. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector Regulatory Authority with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020. At the same time, the Company has provided the entities appointed by the said ministry with all the required data, and this matter is still in process (Note 28).

11. The rental value of the assets transferred from the Company to Jordan Petroleum Products Marketing Company (JPPMC) shall be calculated according to the Land and Survey Department's approved rate of (8 %) on the land and buildings valued at JD 4.9 million from these buildings transfer date up to date. Moreover, the Company insists on rejecting the above clause, as the transferred assets are owned by Jordan Petroleum Refinery Company under the concession expiry agreement which stipulated that the stations are owned by Jordan Petroleum Refinery Company and that they are transferred to the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company. In addition, the Company has the right to dispose of its assets legally pursuant to Article (236) of the Civil Law. Meanwhile, the assets were transferred at their net book value similar to the assets transferred at their net book value to other marketing companies under the agreement signed between the three marketing companies and the Ministry of Energy and Mineral Resources. Moreover, the concession expiry agreement stipulated that the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company applies to other marketing companies. In the meantime, negotiations are still going on between the Company and the Government, and agreement has been reached for the Ministry of Finance to recommend to the Council of Ministers to cancel this item, and the matter is still being processed (Note 31).

32. Death, compensation, and End-of-Service Indemnity fund

According to the Board of Directors' decision to merge the death, compensation, and indemnity fund with the staff end-of-service indemnity into one fund, namely the (death, compensation and end-of-service indemnity fund), and according to the General Announcement No. 11/2012, issued by Jordan Petroleum Refinery Company, dated March 3, 2012, employees will receive at the end of service 150% of their monthly gross salary based on the last salary received. However, this amount shall not exceed JD 2,000 for every year of work for those whose gross monthly salaries do not exceed JD 2,000. If the monthly gross salary exceeds JD 2,000, the employee will receive one monthly gross salary for every year of work as an end-of-service compensation according to the last salary paid. The required provision will be annually determined by the Board of Directors, in light of the amount of contingent liability, to enable the Company to set up the full provision within five years according to Instructions No. (5) of the new fund referred to above. Moreover, there is a no shortage in the required provision balance as of December 31, 2019.

33. Related Parties Transactions and Balances

The details of the balances and transactions with related to the Ministry of Finance are as follows:

	December 31,	
	2019	2018
Balances:	JD	JD
Ministry of Finance primary account (Relationship) (Note 9/e)	211,270,511	247,085,929
Ministry of Finance – price differences deposits for all derivatives pricing surplus (Note 18/a)	(45,420,322)	(50,167,633)
Ministry of Energy and Mineral Resources – deposits for setting up alternative tanks (Note 18/c)	(93,500,103)	(93,500,103)

	2019	2018
Transactions	JD	JD
Subsidy for oil derivatives recorded on the Ministry of Finance account (Note 24)	30,228,253	74,295,287
Ministry of Finance – settlement of the targeted income with the Government (Note 28)	-	5,783,760
Ministry of Finance – surplus for oil derivatives recorded to the Ministry of Finance account (Note 24)	(4,468,760)	(3,391,740)

- Executive management and members of the Board of Directors' salaries and remunerations amounted to JD 1,457,469 for the year 2019 (JD 1,417,673 for the year 2018).

34. Ministry of Finance – deposits for Strategic Inventory

End of Relationship with the Government

Pursuant to the Prime Ministry's Decision No. (7633), taken in its meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the procedures and submit any related conclusions to the Council of Ministers regarding the transfer of the Government's strategic inventory, which has been determined quantity and value, to the Jordan Oil Terminals Company (JOTC), provided that the value of this inventory is settled later. Additionally, Jordan Petroleum Refinery Company started transferring the strategic inventory to JOTC during April 2018, and is still transferring the quantities to JOTC according to the quantities requested by JOTC and the Ministry of Energy and Mineral Resources and JOTC's storage capacity. This action was approved by the Ministry of Finance, and the inventory amount was settled according to the Ministry of Finance's Letter No. 4/18/28669, dated August 29, 2019. The letter stated the Ministry of Finance's approval on transferring the quantities of the strategic inventory to JOTC. In addition, the financial matters related to the strategic inventory amount have been irrevocably settled.

The table below illustrates the strategic inventory quantity as of December 31, 2019 and 2018:

	December 31,	
	2019	2018
	Quantity/ Tons	Quantity/ Tons
Crude Oil	42,926	42,926
Liquefied Petroleum Gas	15	1,831
Gasoline 90	232	35,494
Gasoline 95	17	9,525
Jet-Fuel	5,399	20,313
Kerosene	30,977	30,977
Diesel	7	12,837
Fuel Oil 3.5%	80,168	80,168
Isfilt	4,207	4,207
	163,948	238,278

A total quantity of 74,330 tons of strategic inventory were transferred to the Jordan Oil Terminals Company (JOTC) during year 2019 as shown in the table above.

35. Risk Management

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

a. Capital Risk Management

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

b. Liquidity Risk

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

c. Credit Risk

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

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

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

- The risk of investment in shares relates to the change in the value of the financial instrument as a result of the changes in the closing prices of shares.

- The change in the financial market index, whereby the above securities are traded as of the consolidated financial statements date, represents a 5% increase or 5% decrease. The following is the impact of the change on the Company's owners' equity:

	2019	2018
	JD	JD
5% Increase	114,732	100,368
5% (Decrease)	(114,732)	(100,368)

d. Market Risk

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

1. Currencies Risk

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

	2019	2018
	JD	JD
Assets - US Dollar	666,140	512,317
Liabilities - US Dollar	434,330,947	550,244,115

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

2. Interest Rate Risk

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

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

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

	2019	2018
	JD	JD
0.5% Increase	2,360,210	3,854,725
0.5% (Decrease)	(2,360,210)	(3,854,725)

36. Sectorial and Geographical Distribution

Information on geographical and sectorial distribution:

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

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

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

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

d) **Manufacturing and filling of Liquefied Gas**: This sector includes manufacturing, filling, repairing, and maintaining gas cylinders, and filling it in three of the Company's Gas Stations.

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

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

	December 31, 2019				
	Refinery and gas cylinders filling activity	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Others	Total
	JD	JD	JD	JD	JD
Income before tax for the year	15,958,731	9,000,707	27,096,969	84,668	52,141,075
Total sector's assets	882,145,381	28,400,505	375,980,518	4,667,345	1,291,193,749
Total sector's liabilities	750,266,018	19,298,194	274,479,410	251,013	1,044,294,635

	December 31, 2018				
	Refinery and gas cylinders filling activity	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Others	Total
	JD	JD	JD	JD	JD
Profit before tax for the year	18,955,093	9,475,869	14,177,053	84,881	42,692,896
Total sector's assets	1,157,583,484	28,770,155	249,303,607	4,564,353	1,440,221,599
Total sector's liabilities	1,031,668,481	19,504,033	158,907,193	232,691	1,210,312,398

37. The Future Plan

After important stages have been accomplished for the refinery's fourth expansion project, such as the preliminary study of the economic feasibility, choosing the composition of the expansion facilities, choosing the technology for this project, completing the basic designs for the project, and the Spanish Tecnicas Reunidas Company's completion of the detailed engineering designs for the FEED project in the beginning of July of the year 2019, Standard Chartered Bank was chosen as a financial advisor for the project to take charge of completing the funding requirements and discussions with the entities that show interest in financing this project. Moreover, the Company signed a contract with a global legal adviser, and a contract with Technip Company to manage the project, including preparing the conditions for qualifying the implementation contractors, evaluating their offers, and selecting the most appropriate ones, as well as supervising the implementation of the project.

It has been arranged with a many of Jordanian banks to provide the necessary financing for the payment of about JD (455) million of the debts owed to the Company by the Government, so that the Government would pay the installments and interest due on this amount. During October 2019, the Company withdrew these amounts from the banks. Meanwhile, significant progress in the relationship between the Government and the Company has been achieved, whereby most of the related outstanding issues have been resolved. Furthermore, meetings continue to be held between the Company's representatives and those of the Government to reach agreement on the remaining matters related to the financial relationship between them. This came as a result of the termination of the financial relationship between the Government and the Company as of May 1, 2018, and after the issuance of the Council of Ministers' decision No. (7633) on adjourning the application of the specifications to the petroleum products until the fourth expansion project is completed, provided that a specific plan for implementation is complied with.

As for the refining activity, the Refinery has started to receive Iraqi crude oil for refining since last September, according to an agreement between the Jordanian and Iraqi governments, whereby the Kingdom shall be provided with (10,000) barrels of Kirkuk oil per day. In this regard, more than (1.1) million barrels have been received and refined until the end of the year.

As for the liquefied gas activity, in last November, the new liquefied gas filling unit, with a capacity of (3,600) cylinders per hour, was operated at the Amman Gas Station, thus enabling the company to meet the high demand for gas during the winter months.

The Jordanian Petroleum Products Marketing Company continues its activity with regard to the establishment of new gas stations in various regions of the Kingdom. The following gas stations have been opened since the beginning of the current year under the management of the Jordan Petroleum Refinery Company:

Taj Ammon Gas Station - Istiklal Street; Irbid Radwan Gas Station - Hakama Road, Al-Aitan Al-Mafraq Gas Station, Al-Yadouda Gas Station - Madaba Street; Owais Gas Station - Dead Sea Road; Al-Abdalat Gas Station - Salt Road; Al-Hunaity Gas Station - Abu Alanda Area; Social Security Gas Station - University of Jordan Street; and Abdoun's Second Gas Station - Kordour Abdoun .

Moreover, the following gas stations have been opened since the beginning of the year under the management of Hydron Energy Company:

Abu Kishek Gas Station in Al Aghwar; Al Ghwairi Gas Station - Zarqa Jerash Street; Maan Surface Gas Station; Al Saqa Gas Station - Al Huriya Street; Central Market Gas Station, Al Fuheis Gas Station – Hattar; Al Hizam Gas Station - Al Hizam Road; Al Kharabsheh Al Haramain Gas Station - Sports City; Abu Aqoula Ruwaishid Gas Station and Al Baqaa Gas Station - Al Zou'bi .

Despite the exceptional circumstances witnessed by the global economy and the Hashemite Kingdom of Jordan due to the Corona Covid-19 virus since the beginning of 2020, Jordan Petroleum Products Marketing Company continues to expand with the opening of new stations. Until the end of 2020, the following gas stations will be opened: Second Development Gas Station, opposite the Ministry of Foreign Affairs; Al-Luzi Al-Jubeiha Gas Station; Burj Al-Hayat Gas Station- Al-Qweirah; Aqaba's Back Road Gas Station; Al-Sakka Gas Station - 100th Street; and Qasim Al-Dibs Gas Station - Sahab Area.

The automation system for gas stations and the electronic cards system have also been developed, so that they added the feature of activating the service of the secret number of the card and controlling the vehicle's expense and its fuel consumption according to the distance traveled in kilometers as per the vehicle's odometer reading or through linking the vehicle to GPS tracking systems, in addition to developing the RFID filling system and electronically changing the prices for all gas stations owned and managed by the Control and Monitoring Room.

The human resources self-service system has been activated, so that all of the employees' inquiries and requests are handled through smart applications. Moreover, an electronic technical support system has been activated for the Company's internal departments.

Smart applications are planned be activated during the year 2020 through smart systems as regards fuel requests and their automated delivery to the gas stations. The plans also include activating smart applications to organize the technical support for customers at their stations and electronic payment of all services provided by the Company through eFAWATEERcom, in addition to completing the inventory automation and electronic sales systems in all of the managed and supplied gas stations.

The company will continue to attract aviation clients to supply aviation companies with Jet-fuel through the Queen Alia Airport, King Hussein Airport and Marka Airport, in addition to continuing to expand new gas stations that are established by their owners to sign supply contracts with the Company and to continue the strategy of increasing the number of gas stations owned by others to be managed by Jordan Petroleum Products Marketing Company Or Hydron Energy Company.

With regard to the lube oil factory activity, the Company have implemented changes to the packages used in filling its mineral oil products, in a move aimed at limiting the imitation of Jopetrol oil products.

Work is under way to produce new oils to keep pace with the development in the domestic and external market, and expansion has begun to use base oils from the second and third groups to raise product quality and help reduce production costs.

Work is also underway to purchase and install new production lines and mixing equipment to modernize plant equipment and improve production capacity.

In light of the low consumption of mineral oils in the Kingdom, intense competition by many local manufacturers, and cheap and low-quality varieties abundant in the local market, the Company endeavors to reduce costs and to market the Company's products of various types of oils inside and outside the Kingdom. In all of this, the Company relies on the high quality of its products. As such, the Company has started exporting its products to Iraq, Chad, and other countries. Furthermore, the Company will focus on new markets such as Palestine and Georgia, to which exports have been initiated.

38. Fair Value Hierarchy

A. Fair value of financial assets and financial liabilities measured at fair value on a continuous basis:

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

	Fair Value as at December 31,					
Financial Assets	2019	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	2,294,639	2,007,369	Level 1	Stated prices in financial markets	Not applicable	Not applicable
Total financial assets at fair value	2,294,639	2,007,369				

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

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

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

Investment property were evaluated for the subsidiaries and gas stations upon acquiring.

39. Subsequent events

A. On March 11, 2020, the World Health Organization classified Covid-19 virus as a worldwide pandemic. Meanwhile, the pandemic has negatively affected supply and demand in international markets, and caused crude oil and oil derivatives prices to plummet. Furthermore, it has modified social behavior due to governments-imposed quarantines. In this regard, it is uncertain whether the Covid-19 virus will continue to impact global markets and crude oil and oil derivatives prices, and how grave the impact on the Group's operations will be. Therefore, the Group believes that it is impractical to quantitatively estimate the potential impact of the Covid-19 virus outbreak on the Group at present.

B. The crude oil and oil derivatives prices decreased globally due to a higher supply and a lower demand resulting from the failure of the crude-oil-producing countries within the so-called OPEC + Group to reach an agreement in March 2020 to reduce their production. In this regard, it is uncertain as to whether non-agreement among OPEC + Group's members will continue. Likewise, it is uncertain that the prices of crude oil and oil derivatives will continue to decline, and how grave the impact of the decline on the Group will be.Consequently, the Group believes that it is impractical to quantitatively estimate the likely effects of the decline in crude oil and oil derivatives prices at present.

C. Proposed dividends: In its meeting held on May 14, 2020, the Company's Board of Directors decided to recommend to the General Assembly of Shareholders to distribute cash dividends of 15% of the Company's paid-up capital.

D. Reserves: In its meeting held on May 14, 2020, the Company's Board of Directors decided to recommend to the General Assembly of Shareholders to allocate an amount of JD 10,428,215 to the voluntary reserve, and an amount of JD 10,428,215 to the fourth expansion project reserve, and to deduct 10% from the net annual profits of the activity of the Jordan Petroleum products Marketing Company to the statutory reserve, and to continue ceasing to deduct 10% as a statutory reserve from the net annual profit's of the company's activities.