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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2022

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Deloitte.

Deloitte & Touche (ME) – Jordan
Jabal Amman, 5th Circle
190Zahran Street
Amman 11118, Jordan

Tel: +962 (6) 5502200
Fax: +962 (6) 5502210
www.deloitte.com

Independent Auditor's Report

AM / 000573

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

Report on Audit the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Jordan Petroleum Refinery Company (The "Company") and its subsidiaries (The "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in owners' equity, and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion
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 opinion.

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.

Key Audit Matters

Key audit matters, in our professional judgment, are the most significant matters in our audit of the consolidated financial statements of 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 have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

A description was provided on how to examine each of the matters referred to below in the audit procedures:

Key Audit Matters	Scope of the Audit to Address the Risk
Amount owing by the Ministry of Finance As at December 31, 2022, the Company had an amount owing by the Ministry of Finance ("MOF") of JD 247 million related to refinery and gas activities. We have considered this as a Key Audit Matter due to the following: • We were unable to confirm the balance related to refinery and gas activities as at December 31, 2022 • The MOF has confirmed the balances as at September 30, 2022; and • The volume of transactions which took place between the Group and the MOF. Refer to note (9-E),(18-A) and (18-E) for more details relating to this matter.	We performed the following procedures in relation to this amount: • We obtained an understanding of the relationship between the Group and the MOF. • We identified the relevant controls over the recording of the balance with the MOF. • We assessed the design of these controls and determined if they had been implemented appropriately. • We obtained and reviewed all correspondences between both parties. • We read the board of directors and audit committee minutes of meeting to determine if there were any matters which needed to be taken into account when determining the balance with the MOF. • We inspected the correspondences and agreements between Company and MOF which had the effect of confirming the total transactions which occurred during the last quarter of the year 2022. • We reconciled the remaining balance reported in the financial statements to the amount confirmed as of September 30, 2022, and tested the transactions during the period through test of details and recalculation. • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Group Consolidated Financial Statements
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, disclosing, 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.

- 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 Group 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.

Deloitte & Touche

Amman – Jordan
March 8, 2023

Deloitte & Touche (Middle East) – Jordan

Deloitte & Touche (M.E.)
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JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31 2022	December 31 2021
		JD	JD
ASSETS			
Current Assets:			
Cash on hand and at banks	8	25,975,106	21,424,529
Receivables and other debit balances	9	694,763,625	538,643,520
Crude oil, finished oil products and supplies	10	525,084,651	416,994,316
Total Current Assets		1,245,823,382	977,062,365
Non-Current Assets:			
Deferred tax assets	12	11,259,849	8,283,667
Financial assets at fair value through other comprehensive income	11	3,815,231	2,630,051
Investment property - net	13	2,713,024	2,757,580
Right of use of assets - net	16	43,875,138	54,588,104
Property, plants, equipment and projects under construction - net	14	188,416,153	180,857,352
Intangible assets - net	15	14,286,282	17,286,282
Total Non-Current Assets		264,365,677	266,403,036
TOTAL ASSETS		1,510,189,059	1,243,465,401
LIABILITIES			
Current Liabilities:			
Due to banks	17	696,356,404	550,829,986
Lease Liability - current portion	16	2,238,082	4,969,591
Income tax provision	19	22,251,354	6,414,333
Payables and other credit balances	18	372,988,764	335,516,521
Total Current Liabilities		1,093,834,604	897,730,431
Non-Current Liabilities:			
Lease liability - non-current portion	16	39,406,199	43,840,855
End-of-service indemnity provision		39,802	37,859
Due to death, compensation, and end-of-service indemnity fund	31	39,217,555	39,227,945
Total Non-Current Liabilities		78,663,556	83,106,659
TOTAL LIABILITIES		1,172,498,160	980,837,090
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	52,221,595	48,457,173
Voluntary reserve	20/C	39,680,675	26,784,557
Financial assets at fair value reserve - net	21	3,435,507	2,250,327
Fourth expansion project reserve	20/D	14,084,234	4,630,868
Difference from purchase of non-controlling interest		(326,472)	(326,472)
Retained earnings	22	120,066,551	72,227,582
Total Equity Attributable to Owners of the Company		329,162,090	254,024,035
Non - controlling interests	29	8,528,809	8,604,276
Total Equity		337,690,899	262,628,311
TOTAL LIABILITIES AND OWNERS' EQUITY		1,510,189,059	1,243,465,401
Contra Accounts			
Death, compensation, and end-of-service indemnity fund	31	47,857,943	47,928,932

Chairman of the Board of Directors

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 2022	2021
		JD	JD
Net Sales	23	1,706,206,949	1,239,673,837
Less: Cost of sales	24	(1,481,576,168)	(1,108,571,486)
Gross profit from sales		224,630,781	131,102,351
Add: Operating income and others	25	7,564,567	10,427,569
Gross profit		232,195,348	141,529,920
Less: Selling and distribution expenses	26	(57,016,753)	(51,025,924)
General and administrative expenses	27	(13,326,780)	(10,651,968)
Bank interest and commissions		(24,046,610)	(20,938,950)
(Provision) of lawsuits	18	(2,635,596)	(976,712)
(Provision) of expected credit losses	9/J	(991,234)	(2,503,175)
(Provision) Released from slow-moving and obsolete inventory and sediments	10	(963,888)	406,590
(Provision) of storage fees	18/H	(1,009,920)	(943,845)
(Provision) of employees' vacations	18	(80,164)	(94,309)
(Provision) of special tax differences	18/K	(7,603,779)	-
Income from storage of strategic inventory		-	1,588,918
Interest income from government's delay		14,326,337	13,962,715
Lease liabilities interest	16	(2,803,295)	(2,872,666)
Amortization of intangible assets	15	(3,000,000)	(3,000,000)
Profit for the Year before Income Tax		133,043,666	64,480,594
(Expense) of income tax for the year	19	(27,962,116)	(12,237,024)
Profit for the Year		105,081,550	52,243,570
Attributable to :			
Owners of the Company	28	103,952,875	52,046,429
Non-controlling interests	29	1,128,675	197,141
		105,081,550	52,243,570
Profit (Loss) per share for the year to the Company shareholders - Basic & Diluted	28	-/1040	-/520

Chairman of the Board of Directors

Chief Executive Officer

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JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2022	2021
	JD	JD
Profit for the year	105,081,550	52,243,570
Items that can not be reclassified subsequently to the consolidated statement of Profit or Loss:		
Change in financial assets at fair value reserve - net	1,185,180	372,790
Total Comprehensive Income for the Year	106,266,730	52,616,360
Total Consolidated Comprehensive Income Attributable to:		
Owners of the Company	105,138,055	52,419,219
Non -controlling interests	1,128,675	197,141
	106,266,730	52,616,360

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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 from Purchasing Non-controlling Interests	Retained Earnings *	Total Equity Attribute to the Owners' of the Company	Non-Controlling Interests	Total Equity
For the year 2022	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	100,000,000	48,457,173	26,784,557	2,250,327	4,630,868	(326,472)	72,227,582	254,024,035	8,604,276	262,628,311
Total Comprehensive Income for the year	-	-	-	1,185,180	-	-	103,952,875	105,138,055	1,128,675	106,266,730
Deducted for reserves**	-	3,764,422	12,896,118	-	12,896,118	-	(29,556,658)	-	-	-
Transfer from fourth expansion reserve to retained earnings	-	-	-	-	(3,442,752)	-	3,442,752	-	-	-
Dividends distributed to shareholders**	-	-	-	-	-	-	(30,000,000)	(30,000,000)	-	(30,000,000)
Change in non - controlling interests	-	-	-	-	-	-	-	-	(1,204,142)	(1,204,142)
Balance at the End of the Year	100,000,000	52,221,595	39,680,675	3,435,507	14,084,234	(326,472)	120,066,551	329,162,090	8,528,809	337,690,899
For the year 2021										
Balance at the beginning of the year	100,000,000	45,834,122	26,784,557	1,877,537	7,609,176	(86,472)	24,825,896	206,844,816	9,137,596	215,982,412
Total Comprehensive income for the year	-	-	-	372,790	-	-	52,046,429	52,419,219	197,141	52,616,360
Deducted for reserves	-	2,623,051	-	-	-	-	(2,623,051)	-	-	-
Transfer from fourth expansion reserve to retained earnings	-	-	-	-	(2,978,308)	-	2,978,308	-	-	-
Dividends distributed to shareholders **	-	-	-	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Change in non - controlling interests	-	-	-	-	-	(240,000)	-	(240,000)	(730,461)	(970,461)
Balance at the End of the Year	100,000,000	48,457,173	26,784,557	2,250,327	4,630,868	(326,472)	72,227,582	254,024,035	8,604,276	262,628,311

* Profits for the year and retained earnings include an amount of JD 11,259,849 as of December 31, 2022, which represents the value of deferred tax assets that are restricted according to the instructions of the Securities Commission (JD 8,283,667 as of December 31, 2021).

** The General Assembly decided in its meeting held on April 27, 2022 to distribute cash dividends on company's shareholders at a rate of 30% from paid-up capital amounted JD 30 million, it also decided to allocate an amount of 12,896,118 for voluntary reserve account and to allocate JD 12,896,118 for fourth expansion project reserve account and to deduct 10% for statutory reserve account from Jordan Petroleum Product Marketing Company annual net income and continuing to stop deducting 10% as statutory reserve for rest of company's activities, and to use voluntary reserve balance accumulated for fourth expansion project purposes.

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JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended Ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit for the year before tax		133,043,666	64,480,594
Adjustments :			
Depreciation of property and equipment and investment property	13 & 14	11,248,724	12,055,668
Depreciation of right-of-use assets - subsidiary company	16	3,291,655	3,502,101
Amortization of intangible assets	15	3,000,000	3,000,000
Provision of employee's vacations	18	80,164	94,309
Provision of lawsuits	18	2,635,596	976,712
Provision of special tax differences	18/k	7,603,779	-
Leased liability interest	16	2,803,295	2,872,666
Provision (Released from) for slow-moving and obsolete and sediments inventory	10	963,888	(406,590)
Provision of storage fees	18/h	1,009,920	943,845
Interest income from Government's delay		(14,326,337)	(13,962,715)
Income from storage of strategic inventory		-	(1,588,918)
Provision for expected credit losses	9/J	991,234	2,503,175
Net cash flows from operating activities before changes in working capital items		152,345,584	74,470,847
(Increase) in receivables and other debit balances		(146,066,729)	(19,838,983)
(Increase) in crude oil, finished oil products and supplies		(109,054,223)	(120,125,721)
(Decrease) in due to death, compensation, and end-of-service indemnity fund		(8,447)	(1,243,389)
Increase in payables and other credit balances		27,152,704	138,236,383
Net Cash Flows (used in) from Operating Activities before Tax and Provisions Paid		(75,631,111)	71,499,137
Income tax paid	19	(15,101,277)	(1,592,022)
Paid from provision of storage fees	18/h	(1,009,920)	(8,814,012)
Net Cash Flows (used in) from Operating Activities		(91,742,308)	61,093,103
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds on disposal of property, plant, and equipment		369,176	1,372,978
(Purchases) of property, plant and equipment	14	(9,982,997)	(13,394,901)
Net Cash flows (used in) Investment Activities		(9,613,821)	(12,021,923)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from loans and borrowings		270,323,063	61,158,133
Repayments of loans and borrowings		(124,796,645)	(90,203,245)
Dividends distributed to shareholders		(30,000,000)	(5,000,000)
Paid from lease liabilities	16	(9,619,712)	(7,635,911)
Net Cash Flows from (used in) Financing Activities		105,906,706	(41,681,023)
Net Increase in cash		4,550,577	7,390,157
Cash and cash equivalents - Beginning of the year		21,424,529	14,034,372
Cash and cash equivalents - End of the Year	8	25,975,106	21,424,529
Non-cash transactions			
Offsetting agreements	9	17,830,161	15,964,354
Transfers from right-of-use assets to investment properties	13	-	519,994
Transfers from property and equipment to investment properties	14	-	1,454,470
Transfers from projects under construction to property and equipment	14	2,711,967	2,383,312
Transfers from right-of-use assets to property and equipment	14	9,149,148	-

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 amounted JD 4 million. This capital was increased in multiple stages, latest decision was taken by Company's general assembly extraordinary meeting held on April 28, 2016, as the capital of the Company increased by capitalizing 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.

The Company owns main units of refining, segregating, and converting the imported crude oil components to a set of finished oil derivatives, as it also owns Jordan Lube-Oil Manufacturing Company (a subsidiary) which is wholly owned, in addition to Jordan Petroleum Products Marketing Company (a subsidiary) which is wholly owned. Also, the Company owns three liquefied gas-filling stations and a workshop for the repair and maintenance of gas cylinders with the purpose of reducing the cost of writing off the cylinders. These stations and the workshop have been annexed to Jordan Liquefied Gas Manufacturing and Filling Company as an operating facilities in which it started its operations as of January 1, 2023. The statements cover the operations of main units, factories and subsidiaries owned directly and indirectly by the company.

In addition to refining, producing, manufacturing, and importing oil derivatives, the Company transports and distributes oil derivatives to some consumers who receive these supplies directly from the Company and it also repair, maintains, and imports the empty gas cylinders and it produces, fills, and distributes liquefied gas and also Jordan Lube-Oil Manufacturing Company (a subsidiary) produces, mixes, fills, and markets lube-oil products. Moreover, Jordan Petroleum Products Marketing Company (a subsidiary) imports, distributes, supplies, and sells finished oil derivatives to its affiliated stations, other stations, and other parties, in addition to the maintenance operations for these stations.

According to the 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 Jordan Petroleum Refinery Company. During the year 2008, the Company established two wholly owned subsidiaries by Jordan Petroleum Refinery Company which are 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, and since the company has obtained the necessary licenses from the Energy and Minerals Regulatory Commission to practice these activities at the beginning of March 2022, the company activated the Jordan Lube Oil Manufacturing Company operation and annexed the entire lube oil activity and oil factory to it starting April 1, 2022, and it has activated Jordan Liquefied Petroleum Gas Manufacturing and Filling Company as of January 1, 2023 And annexing all the activities of lube oil and the oil factory to it as of April 2022, and it activated the work of the Jordan Liquefied Petroleum Gas Manufacturing and Filling Company as of January 1, 2023 and annexed all the activities of liquefied gas (except for the gas production activity) of this company, including the three gas stations (Amman, Irbid, and Zarqa) and a workshop for the repair and maintenance of gas cylinders as operating facilities for this company, and the company is still negotiating with the government on the amount of commission for the gas activity , which reflects a rate of return on investment of 12% annually in accordance with Council of Ministers Decision No. (7633) adopted in its meeting held on April 30, 2018 noting that the Company established Jordan Petroleum Products Marketing Company (JPPMC) during year 2013, in which it is wholly owned by Jordan Petroleum Refinery Company.

The Company at the beginning of March 2022 obtained all the necessary licenses from the Energy and Minerals Regulatory Commission to continue carrying out its various activities. As the company has obtained a license to practice refining and storage activities and licenses to practice different liquefied gas activities for all of the filling stations related to it and licenses to practice central distribution activity for liquefied gas for all of its filling stations, The Energy and Minerals Regulatory Commission approved The company's waiver of licenses to practice different gas activities and the central distribution of liquified gas for Jordan Liquefied Petroleum Gas Manufacturing and Filling Company on November 2, 2022, the Company also obtained a license to practice lube oil activities and The Energy and Minerals Regulatory Commission approved for Jordan Petroleum Refinery Company to waive the licenses to practice oil activities for Jordan Lube-Oil Manufacturing Company on July 27, 2022 and the company has obtained a permit to execute and build the fourth expansion project that is related to Jordan Petroleum Refinery Company.

The Group's consolidated financial statements were approved by the Board of Directors, in its meeting held on March 7, 2023 and are subject to the General Assembly of Shareholders' approval.

2. The Concession Agreement

a. The concession agreement between the Jordanian Government and the Company has expired on March 2008. Consequently, the Company signed a settlement agreement with the Jordanian Government on February 25, 2008, concerning the expiry of the concession, which was confirmed by the Company's General Assembly in its extraordinary meeting dated March 22, 2008 in which no agreement has been reached regarding the eligibility for retaining the balances of the provision for expected credit losses and the provision for slow-moving and obsolete inventory and sediments at that date. As a result of the agreement between the Company and the Jordanian Government, the Ministry of Finance Letter No. (4/18/28669) was received on 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 inventory and sediments 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 and in case the Company recovers any amount that was recorded within the provision, such amounts will be recorded for Ministry of Finance.

b. The Company calculated the profit for the period ended April 30, 2018, and for the years 2011 until the end of the year 2017, according to the decision of the Council of Ministers, in their meeting held on September 13, 2012, which was illustrated in the Prime Minister's Letter No. (31/17/5/24694), dated September 17, 2012, and approved by the General Assembly, in their extraordinary meeting held on November 8, 2012, which included 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 in these rate.

   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 Petroleum 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 for each 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 provisions expenditures or related to prior years, except for the committed provisions or expenditures (provisions and employees' rights, expected credit losses, gas cylinders write-off provisions, provisions for lawsuits raised against the Company, slow moving and obsolete inventory and sediment, self-insurance provisions, etc.), provided that these provisions and its financial statements shall be audited by the Government.

8. All the above points apply on the year 2011, until the end of the transitional period which is 5 years, starting from the operations commencement date of the marketing companies on September 1, 2012, noting that marketing and selling petroleum products companies started its operations on May 1, 2013. The financial relationship between the Company and Government has been terminated, beside the above decision was stopped from May 1, 2018, pursuant to the Council of Ministers' Decision No. (7633) adopted in its meeting held on April 30, 2018.

   The calculated profit difference was recorded according to this method when calculating the profits according to the commercial basis in the Ministry of Finance's account (The Relationship) for the period ended April 30, 2018, and for the years from 2011 until the end of the year 2017, under the item of profit settlement with the Government. Noting that the results of the liquefied gas business activities were not excluded from the profits mentioned in item No.(5) above, and despite that the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018, has set the commission for gas activity for the period from May 1, 2018 to December 31, 2018 at JD 43 per gas ton sold, as the filling liquefied gas centers rate of return on investment was set for calculating the commission purposes with a rate of 12% per annum as of the beginning of year 2019, Where Any surplus/shortage arising from the increase/decrease in the rate of return on investment from the target value in calculating the amount of commission for filling centers for the subsequent period, either downward or upward. And so as the above mechanism may not cause any increase in the cylinder's cost charged to citizens or a subsidy by the Treasury/ Ministry of Finance for this activity. The fair value of commission, which reflects a rate of return on investment at 12%, has not been determined by the government to date. noting, the Company has already provided the Energy Sector and Minerals Regulatory commission and the Ministry of Energy and Mineral Resources with all the information and data related to the gas activity for determining the commission amount for the years 2019 and 2020, the Ministry of Energy & Mineral Resources has assigned an auditor and external studies company to determine the commission amount for the years 2019 and 2020. Accordingly, the company provided the entities which was appointed by the Ministry of Energy and Mineral Resources to collect the required data. At the same time, these entities has provided the Ministry of Energy and Mineral Resources with it's final report therefore, no decision has been reached by the government regarding the final commission that reflects a 12% annual rate of return on investment according to the above-mentioned Council of Ministers' Decision No. (7633). As a result, the company is still negotiating with the government to reach an agreement on the final commission amount and based on that a new study Company has been appointed by the Ministry of Energy and Mineral Resources to determine the final Commission amount, noting that this company has finished its work and provided the final reports to the Ministry of Energy and Mineral Resources. Accordingly, the Ministry informed the company of the value of the commission that has been set, and the company objected to this value. Accordingly, a committee was formed consisting a representatives of the Ministry of Energy and Mineral Resources, and a representatives of the Ministry of Finance, the Energy and Minerals Regulatory Commission and the Foreign Studies Company and JPRC in order to arrive at the fair commission value, which reflects a rate of return on investment for this activity at 12% annually. The committee has submitted its report to the concerned ministry and is still waiting for the commission recommendation.

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 May 1, 2018 and in its meeting held on April 30, 2018, the Council of Ministers issued Decision No. (7633), which included 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 procedures' implementation concerning the below points, and submit any related observations to the Council of Ministers:

1. The Ministry of Finance calculate the amounts due to the Jordan Petroleum Refinery Company until April 30, 2018, and such amounts shall be paid in installments during the years 2018, 2019 and 2020 with interest thereon of (30%, 40% and 30%). Moreover, these amounts shall be paid after issuance of the General Budget Law and before the end of the second quarter of each year for the same year until full repayment in the year 2020, the Ministry of Finance shall provide the Jordan Petroleum Refinery Company with a letter stating the amounts due to Jordan Petroleum Refinery 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 rates outlined above.

As a result of the Government's failure to comply with the above decision, and based on the agreement between the Company and the Government, the Council of Ministers' issued Decision No. (6399) that was adopted at its meeting held on September 9, 2019. This decision stipulated that the Company shall borrow an amount equivalent to around JD 457 million from banks to pay part of the debt balances due to the Company from the Government until December 31, 2018. In return, the Ministry of Finance will issue pledges to pay the loans and interest thereon to the assigned banks. Consequently, 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. Accordingly, the Ministry of Finance issued pledges to these banks that it shall pay the loans installments and interest thereon to the assigned banks. As a result, the Company reduced the withdrawn amount from banks of JD 455,505,000 from receivables due from security agencies, ministries, government agencies, and departments, and part of the Ministry of Finance's debt under the signed agreement between the Company and the government on June 16, 2020, represented by the Minister of Finance , after the Council of Ministers' approval and authorization to the Minister of Finance to sign it on behalf of the Jordanian Government, in accordance with Council of Ministers' decision No. (9158), adopted at its meeting held on March 24, 2020.

Moreover, the Ministry of Finance has committed to pay all the bank loans and interests amounts, as these amounts were encumbered within the General Budget Law for the year 2020, under the item of loans' installments to address government arrears, according to the Ministry of Finance's Letter No. (18/4/9200) dated May 14, 2020. Noting that, the Jordanian government has paid all of the loans and interest due to the assigned banks on their due dates.

The Council of Ministries issued Decision No. (5011) adopted in its meeting held on December 19, 2021, which included that the Jordan Petroleum Refinery Company borrows an amount of JD 105,000,000 , equivalent in US dollars, from the banks assigned by the Ministry of Finance in return for issuing Pledges to these banks by the Ministry Of Finance on behalf of the government to pay the value of the installments and interests owed on them and to guarantee the provisions that the government has allocated for this purpose in the general budget for 2022 and authorizing the Minister of Finance to sign the pledges issued to banks and authorizing him to sign an agreement to organize the payment of debts owed by the government, accordingly the Company withdrew an amount of JD 105,000,000, in the equivalent in US dollars, on December 31, 2021 from the banks assigned by the Ministry of Finance, and this amount was reduced from the receivables owed by the security authorities under the loan payment agreement signed by the company's delegates and the Minister of Finance.

In the opinion of the company's management and the company's legal advisors, the company does not have any obligations regarding the above loans and pledges (Note 9/e).

The company signed a financial settlement on June 23, 2022, with the National Electricity Company to pay the debt owed by it in addition to the interest of delayed payments and installments. The agreements also included that the amount due must be paid over (12) equal installments starting from July 2022, noting that the National Electricity Company was committed in paying the installments on their due dates until the date of the audit report (Note 9/a).

2. Jordan Petroleum Refinery Company shall treat the sediments and water in the tanks, and it shall dispose those idle materials and spare parts that are no longer needed. Moreover, the obsolete inventory shall be valued on April 30, 2018; the cost of the sediments and water, as well as the disposal costs thereof, shall be calculated; and the surplus shall be transferred to the Ministry of Finance. As a result of the agreement between the Company and the Government, the Ministry of Finance issued Letter No. (4/18/28669), dated August 29, 2019, which included its approval for the Company to clean its tanks from sediments and water as the Government bears this cost , and the company must write off the materials, spare parts and supplies no longer needed, and transfer the surplus balance of the slow-moving and obsolete inventory and sediments and water provision to the Ministry of Finance. Accordingly, the Company tendered the treatment of sediments and water, whereby the Company which was awarded the tender cleaned the major part of the sediments and water, then the company left the kingdom and they stopped working due to covid-19 virus pandemic moreover, a specialized committee was appointed to study the stock of spare parts and other supplies and to determine the materials and supplies that could be used instead of buying similar materials, as well as the materials and supplies no longer needed in order to write them off, and this matter is still under process where the materials are written off gradually(Note 10).

3. Jordan Petroleum Refinery Company shall maintain JD 5 million as a provision for the write-off, repair, and replacement of the gas cylinders, and transfer the remaining JD 5 million to the Ministry of Finance’s account. In case the actual value of the write-off, repair, and replacement of the cylinders exceeds the said amount, the difference shall be transferred from the Ministry of Finance from the deposits item. But, if the actual value is lower, the difference shall be transferred to the Ministry of Finance, provided that this matter be addressed in the future through the pricing mechanism. Accordingly, the Company released an amount of JD 5 million during the period ended April 30, 2018, which was reversed to the Ministry of Finance’s account, and the Ministry of Finance approved this action, pursuant to the Ministry of Finance’s 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 be implemented between the National Electricity Company and the Government, noting that the Company has deleted these amounts from the consolidated statement of financial position based on the Ministry of Finance’s Letter No. (18/73/33025), dated November 25, 2018, addressed to the National Electricity Company. The letter states that the Ministry of Finance has recorded the interest as an due amount on the National Electricity Company to the Government at the Ministry of Finance until full payment is occurred. 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’s tax status shall be rectified, as the tax has been included in the oil derivatives selling prices bulletin (IPP) after the refinery gate price item. In this respect, the refinery gate price item does not include general and special taxes. Instead, taxes are included after this item, and it will be collected from the marketing companies and transferring it to the State Treasury. The Income and Sales Tax Department letter No. (20/4/347) dated February 16, 2021 received and included that the collection of general and special taxes on Jordan Petroleum Refinery’s sales to the three marketing companies will happen only through the marketing companies and that the JPRC is not obligated to pay taxes on its sales to the marketing companies and is obligated only to Pay the tax on its sales to other customers (Note 9/f) /(Note 18/b).

6. The Government shall bear any taxes, government fees, or tax differences during its relationship with the Company, since the company profit after tax during that period was guaranteed.

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. The decision stipulates exempting Jordan Petroleum Refinery Company from general and special taxes on the quantities sold exclusively to the marketing companies inside the Kingdom as of May 1, 2013. 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 and exempted the outstanding customs statements according to the above decisions. Meanwhile, the customs statements amount subject to general and special tax were determined. Moreover, the Company submitted a request to the Ministry of Finance to offset the general and special sales taxes, included in the un-exempted customs statements that are not part of the above-mentioned decision, with part of the Ministry of Finance receivables (primary account). The Customs Department approved the offset request dated March 16, 2020. Moreover, the Offsetting Committee agreed, based on the instructions, policies, procedures, and basis for performing offset No. (1) for the year 2017, on performing the offset between the amounts due to the Jordan Petroleum Refinery Company and the amount due to of the Customs Department. The offset, dated on July 6, 2020, represents the general and special sales taxes of JD (58,042,756) on Jordan Petroleum Refinery Company’s imports. In the meantime, the above-mentioned offsetting was performed, and all pending customs statements at the Customs Department have been completed (Note 9/f) / (Note 18/b).

8. The Government's strategic inventory, which has been quantified and valued, shall be transferred to the Jordan Oil Terminals Company (JOTC). Accordingly, the Jordan Petroleum Refinery Company began transferring the quantities of the strategic inventory to the Jordan Oil Terminals Company (JOTC) starting April 2018, and the company completed transferring the entire remaining quantities during the 2021 to the Jordan Oil Terminals Company (JOTC) according to the quantities that It was requested by the Jordan Oil Terminals Company (JOTC) and the Ministry of Energy and Mineral Resources. In addition, the company transferred the government's aircraft fuel material to the Royal Air Force during July 2020, and it transferred the government's asphalt to the Ministry of Public Works during 2020 upon the request of the Ministry of Energy and Mineral Resources. Moreover during February 2021 the company exported fuel oil 3.5% owned by the government at the request of the Ministry of Energy and Mineral Resources, The company also received a letter from the Ministry of Finance and the Ministry of Energy and Mineral Resources includes the sale of government-owned crude oil to the company as of the beginning of March 2021 on the basis of crude oil prices issued by Aramco for March 2021, and the company purchased these quantities during March 2021, in implementation of the Council of Minister's Decision No. (1150) taken in its meeting held on February 3, 2021.In addition, the remaining amount of the strategic inventory of kerosene owned by the government was exchanged for diesel, according to the Council of Minister's Decision No. (3273) taken in its meeting held on August 11, 2021. Accordingly, the government has no quantities of the strategic inventory as deposits with the company where the transfer of the entire quantity of the strategic inventory was completed by the end of 2021, bearing in mind that the approval of the Ministry of Finance was received to finally settle the value and quantity of the inventory in accordance with the letter of the Ministry of Finance No. (4/18/28669) dated August 29, 2019 (Note 33).

9. The Ministry of Finance shall retain the doubtful debts provision (provision for expected credit losses). In case any debt that was raised during the relationship with the Government is written off, the Ministry of Finance is committed to pay the debt to Jordan Petroleum Refinery Company. As a result of 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 recorded in favor of the Ministry of Finance's account, Under the approval of the Ministry of Finance in its letter No. (4/18/28669), dated August 29, 2019 (Note 9/j).

10. The rate of return on investment shall be determined for liquified petroleum gas filling stations for the purpose of calculating the commission at (12%) annually. 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 whether it increased or decreased. 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 and Minerals Regulatory Commission and the Ministry of Energy and Mineral Resources with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020 which reflect the rate of return on investment for this operational line by 12% annually. 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 these entities provided the ministry of energy and mineral resources with their final report, but no decision has been reached by the government regarding the final commission amount that covers the rate of return on investment by 12% annually according to the above-mentioned Council of Ministers' Decision No. (7633). As a result, the company is still negotiating with the government to reach an agreement on the final commission amount and based on that a new studies the company has been appointed by the Ministry of Energy and Mineral Resources to determine the final commission amount, noting that this company has finished its work and provided the final reports to the Ministry of Energy and Mineral Resources , Accordingly, the Ministry informed the company of the value of the commission that it set, and the company objected to this value and accordingly a committee was formed from a representatives of Ministry of Energy and Mineral Resources, a representatives of Ministry of Finance, the Energy and Minerals Regulatory Commission, the Foreign Studies Company and JPRC to reach the fair commission value, which reflects a rate of return on investment for this activity at 12% annually. The committee completed its report for the assigned Ministry and awaiting the recommendation for council of ministers for fair commission.

11. The rental value of the assets transferred from Jordan Petroleum Refinery 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 the Jordan Petroleum Refinery Company under the concession expiry agreement which stipulated that the gas 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. Moreover, negotiations took place between the Company and the Government, resulting in an agreement that the Ministry of Finance would recommend to the Council of Ministers the cancellation of this item, Accordingly, the Council of Ministers' Decision No. (1080) was issued in its meeting held on January 24, 2021, which included considering this item as canceled from the Council of Ministers' Decision No. (7633) adopted in its session held on April 30, 2018, and include that the JPRC does not require a rental return for the transferred assets of the Jordan Petroleum Products Marketing Company (a subsidiary company).

- In implementation of the Council of Ministers' Decision No. (11110), adopted in its meeting held on August 16, 2015, and the decision of the Company's General Assembly, adopted in its meeting held on November 8, 2012, the land swap operation between Aqaba Special Economic Zone Authority (ASEZA) and the Jordan Petroleum Refinery Company took place during September 2019. In the swap, the authority ceded (6) plots of land of an area of four hundred forty-two thousand square meters (442,000 M^2) 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 eighty-eight thousand square meters (88,000 M^2), located within the southern port tract, to Aqaba Special Economic Zone Authority (ASEZA).

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

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

B. 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 effective May 1, 2018 based on Ministry of Finance's approval through Letter No. (18/4/33072), dated November 25, 2018, noting that all of the strategic inventory quantities owned by the government were transferred during 2021, and according to that, no amounts were recorded during year 2022.

C. Profit settlement with the Government calculation item 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 Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018. The decision terminated the financial relationship between the Company and the Jordanian Government, and consequently, the Company become working on commercial terms from the first of May 2018 (Note 3)

D. The Company recorded an amount of JD 7.871.968 during year 2022 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 the first of May to the end of December 2018 at JD 43 per ton sold. Accordingly, the Company recorded an amount of JD 18 per ton of gas sold, representing the commission difference included in the (IPP) and the stated commission, in the Council of Ministers Decision mentioned above in consistency with year 2018 as a precautionary measure. Whereas the Government has not amended the oil derivatives price bulletin (IPP) up to date, and the final commission for the years 2019, 2020 and 2021 has not been determined yet which reflect the average of return on investment by 12% annually. Noting that after the agreement on the final commission amount is reached, its financial impact will be reflected in the subsequent periods.

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, 2021, except for the effect of the adoption of the new and amended standards mentioned in Note (6-A).

- The following are the most significant accounting policies:

a. Basis of Consolidation of the Financial Statements

- The consolidated financial statements for the group include the financial statements of the Company and its subsidiaries under its control. 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 conform to 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 has 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, 2022, 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	65,000,000	100	Amman	February 12, 2013	Operating
Hydron Energy Company LLC	5,000,000	100	Amman	April 29, 2003	Operating
Jordan Liquefied Petroleum Gas Manufacturing and Filling Company*	4,000,000	100	Amman	May 28, 2008	Non-operating
Jordan Lube - Oil Manufacturing Company **	6,000,000	100	Amman	May 28, 2008	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***	2,382,184	100	Irbid	December 29, 2014	Operating
Al-Tariq Al-Da'ari Gas Station for Fuel Company	5,000	100	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 and Oil Company ****	4,406,428	60	Amman	November 19, 2015	Operating
Al Qastal Gas Station for Fuel and Oil Company	5,000	60	Amman	June 19, 2017	Operating
Taj Amon Gas Station for Fuel and Oil Company	5,000	90	Amman	September 20, 2017	Operating
Al Shira’ Gas Station for Fuel and Oil Company	5,000	60	Al Aqaba	February 19, 2017	Non-Operating under renovation
Al Benzol Gas station for Fuel Management Company *****	5,000	100	Al Aqaba	November 13, 2019	operating
Al Failaq station for Fuel and Oil Company (Paid 50%)	5,000	100	Amman	July 7, 2020	Non-Operating under renovation

* The capital of the Jordan Liquefied Petroleum Gas Manufacturing and Filling Company was completely paid on September 7, 2022, and its commercial operations has been activated and the entire liquefied gas activity, gas filling stations and repair and maintenance workshop for cylinders have been annexed to it, as of January 1, 2023.

** The capital of the Jordan Lube Oil Manufacturing Company was increased to JD 6 million according to the company's board of directors' decision No. (97-1/2021) adopted in its meeting held on December 30, 2021, in a preparation for activating this company and annexing the entire activity and oil factory to it. In addition, capital raising procedures of Jordan Lube Oil Manufacture Company have also been completed on March 21, 2022, so that the authorized and paid-up capital of the Company became JD 6 million, noting that the company was activated and started its operations as of April 1, 2022 and annexing the entire activity and oil factory to it.

*** The company's capital was increased to JD 2,382,184 instead of JD 3,000, according to the General Assembly extraordinary decision for Qaws Al-Nasser Stations for Fuel Management Company on September 11, 2022.

**** The company's capital was increased to JD 4,406,428 instead of JD 5,000, according to the General Assembly extraordinary decision for Al-Tanmwieh Al-A'ola Station for Fuel Company on September 11, 2022.

***** Jordan Petroleum Products Marketing Company (a subsidiary) bought on April 5, 2022 all of Al Benzol station for Fuel Management Company Shares amounting to (5,000 shares) and therefore, all of the Glasco for Public Trading Company shares were transferred to JPPMC.

- Jordan Petroleum Products Marketing Company (JPPMC) was established on February 12, 2013 and has total assets of its own and of its consolidated subsidiaries of JD 362,405,517 while its total liabilities and those of its Consolidated subsidiaries amounted to JD 247,539,749 as of December 31, 2022. The Company's consolidated profit amounted to JD 28,392,261 which includes non-controlling interest profit of JD 1,128,675 as of December 31, 2022. Noting that the company has started operating gradually since May 1, 2013, and part of Jordan Petroleum Refinery Company's distribution activity assets was sold at their net book value to JPPMC (a subsidiary). The said transfer was mandatory due to transferring the distribution activity to JPPMC. In addition, some employees of the Jordan Petroleum 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 the security authorities. All the required legal procedures to finalize the assets ownership transfer to the Company were completed.

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

b. <u>The most significant Accounting Policies adopted are as the following:</u>

<u>Business combinations</u>

Acquisitions of businesses are accounted for using the acquisition method and the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are recognised in statement of profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below).

- Assets (or disposal groups) that are classified as held for sale measured in accordance with IFRS 5.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in statement of profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination and changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. As measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' which cannot exceed one year from the acquisition date about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within the consolidated statement of equity. And other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized the consolidated statement of profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in the consolidated statement of other comprehensive income are reclassified to the consolidated statement of profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. And those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that was existed at the date of acquisition Which if it was known, would have affected the amounts recognized as of that date.

Inventory

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

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 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 Group'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 Group becomes a party to the contractual provisions 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 the consolidated statement of 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.

Financial Assets at Fair Value Through Statement of 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.

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 Group 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 Group 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 Group 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 Group 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 Group according to the contract and the cash flows that the Group expects to receive arising from the weighting of several future economic scenarios, discounted at the effective interest rate of the asset.

The Group 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 Group 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 Group 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 Group derecognises a financial asset when the contractual rights related to the cash flows receivable from the asset expire, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another Company. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group 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 Group 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 Group'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 Group's owners' equity instruments is recognized and deducted directly in owners' equity. No profit or loss is recognized in the consolidated statement of profit or loss when purchasing, selling, issuing, or canceling the Group'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 the consolidated statement of 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 Group in a business combination.
- Held for trading.
- Designated at fair value through the consolidated statement of 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 over a shorter period, where appropriate.

Derecognition of Financial Liabilities

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

Property, Plant 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 – 4
Machinery and production equipment	10
Machinery and support services equipment	10
Tanks and pipelines	4
Electrical supplies and equipment	10
Products loading units	10
Vehicles	15
Office furniture and fixtures	5 - 10
Library and training equipment	10
Distribution stations assets	20
Other property equipment	10
Computers	40

- 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 transaction of 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 life 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 Group's operations are capitalized. Instead, they are recorded as an expense in the consolidated statement of profit or loss.

Derecognition of intangible assets
An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. And gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of profit or loss when the asset is derecognized.

- 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 Group'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 selling transaction.

- Trademark:
  A trademark is a special mark or indicator used by the Group 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 Group 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 Group 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 Group recognizes revenues mainly from selling ready-made oil derivatives, gas, lube oil, transportation services, storage services, and filling gas cylinders.

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 Group transfers control of a product to the customer and 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 Group 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 Group 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

The Group as a lessee

The Group 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 Group 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 Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 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 item 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 as 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 transfers ownership of the underlying asset or the cost of the right-of-use asset reflecting that the Group 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 item in the consolidated statement of financial position.

The Group 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 Group as Lessor

Leases in which the Group 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 Group 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 Group'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 Group's outstanding net investment in respect of the leases contracts.

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

6. Adoption of new and revised Standards

A. New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2022, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment and any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in the consolidated statement of profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the consolidated statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in the consolidated statement of profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Standards 2018-2020

The Annual Improvements include amendments to four standards:

<u>IFRS 1 First-time Adoption of International Financial Reporting Standards</u>

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. And as a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

IFRS 9 Financial Instruments
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases
The amendment excludes the clarification regarding compensation for improvements of the leased land.

IAS 41 Agriculture
The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

B. New and Revised Standards in issue but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective date
IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17) IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. And It takes into account market interest rates and the impact of policyholders' options and guarantees. In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023. In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	**The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.**

New and revised IFRSs	Effective date
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's consolidated statement of profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's consolidated statement of profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	**The effective date is yet to be set. Earlier application is permitted.**
Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	**The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.**
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if and considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	**January 1, 2023, with earlier application permitted and are applied prospectively.** **The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.**

<table>
<tr><th>New and revised IFRSs</th><th>Effective date</th></tr>
<tr><td>Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:
• A change in accounting estimate that results from new information or new developments is not the correction of an error
• The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors
The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. As The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.</td><td>January 1, 2023, with earlier application permitted</td></tr>
<tr><td>Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:
• A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
- Right-of-use assets and lease liabilities
- Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
• The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.</td><td>January 1, 2023, with earlier application permitted</td></tr>
</table>

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

7. <u>Significant Accounting Policies and Main Sources of Uncertain Estimates</u>

Preparation of the consolidated financial statements and application of the accounting policies require the Group'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 above mentioned 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 Group'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 lifetime of the asset.

- When measuring the expected credit loss, the Group 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 Group'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. The management also estimates the deferred tax assets for the temporary differences between the accounting profit and the tax profit according to the management's expectations in terms of benefiting from them in the near future.

- 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 Group.

- A provision is made for the legal cases raised against the Group, based on a legal study prepared by the Group'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 warehouses and tanks, and the cost of removing them based on technical studies by the competent authorities and the reports of the external 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 Group 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 termination. 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"), and 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.

Management believes that the estimates in the Consolidated financial statements for the year are reasonable and similar to the estimates adopted in preparing the consolidated financial statements for 2021.

8. Cash on Hand and at Banks

This item consists of the following:

	December 31	
	2022	2021
	JD	JD
Cash on hand	7,075,739	4,208,231
Current accounts at banks	18,899,367	17,216,298
	25,975,106	21,424,529

9. Receivables and Other Debit Balances

This item consists of the following:

	December 31	
	2022	2021
	JD	JD
Ministries, government authorities, Security authorities, and the Electricity Companies – fuel (a)	134,240,544	116,315,168
Fuel clients and others (b)	56,837,560	52,776,801
Alia Company - Royal Jordanian Airlines (c)	4,067,080	3,273,849
Checks under collection (d)	32,862,332	31,362,493
Total receivables	228,007,516	203,728,311
Ministry of Finance – the relationship (e)	328,281,832	200,097,159
General sales tax deposits (f)	132,980,013	128,128,815
Other debit balances (g)	3,371,057	4,391,160
Employees receivable	1,938,144	1,851,333
Payments, letters of credit deposits and purchase orders –Subsidiary Company	1,789,186	1,000,076
Prepaid expenses (h)	9,618,631	6,965,406
Contract acquisition expenses – Subsidiary Company (i)	13,001,121	15,686,895
	718,987,500	561,849,155
Less: Expected credit losses provision (j)	(24,223,875)	(23,205,635)
	694,763,625	538,643,520

- The Group 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:

As of December 31, 2022	1 Day – 119 Days	120 Days - 179 Days	180 Days - 365 Days	More than a year *	Total
	JD	JD	JD	JD	JD
Receivables	75,503,198	54,297,575	59,341,442	38,865,301	228,007,516
Provision of expected credit losses	3,975,992	2,056,833	3,246,112	14,944,938	24,223,875
Expected credit loss Rate	5%	4%	5%	38%	11%

As of December 31, 2021	1 Day – 119 Days	120 Days - 179 Days	180 Days - 365 Days	More than a year	Total
	JD	JD	JD	JD	JD
Receivables	84,901,361	2,811,009	12,461,519	103,554,422	203,728,311
provision of expected credit losses	1,222,007	879,047	1,269,401	19,835,180	23,205,635
Expected credit loss Rate	1%	31%	10%	19%	11%

- The Group 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 due from government authorities, security agencies guaranteed by the government whose maturity more than a year, amounting to JD 22,351,251. In management opinion, the company has the ability to collect these receivables and there is no need to allocate any additional provisions for them. Receivables also include amounts due from Partners in subsidiaries amounted of JD 6,510,286 classified as more than one year and in management opinion, there is no need to record any additional provisions for them, as agreements have been signed with these partners to pay

off those receivables with real estate guarantees, with the transfer of profits resulting from the operations of the subsidiaries of the company.

a. This item includes receivables for fuel withdrawals by ministries, governmental authorities, security authorities and National Electricity Company, and electricity-generating companies for the refining and gas activities JD 98,214,274, and the amount of JD 6,955,188 for the oil factory, and JD 27,752,882 for the Jordan Petroleum Products Marketing Company and an amount of JD 1,318,200 for the Jordan Lube Oil Manufacturing Company as of December 31, 2022, noting that the Jordan Lube Oil Manufacturing Company started operating as of April 1, 2022 and the entire activities of the lube oil and oil factory has been annexed to it.

- This item includes the amount of JD 48,306,756 that represents amount due from the National Electricity Company and Electricity Generating Companies against fuel withdrawals and the financial settlement interests that were agreed upon according to the settlement agreement as of December 31, 2022 (JD 72,217,573 as of December 31, 2021).

- The company signed a financial settlement on June 23, 2022, with the National Electricity Company to pay the debt owed by it in addition to the interest of delayed payments and installments. The agreements also included that the amount due must be paid over 12 equal installments starting from July 2022, and the National Electricity Company has committed to pay the due installments until the date of the audit report.

- The Company committed to reduce the debt of Governmental departments and institutions and security authorities by JD 317,601,186 during the year 2019, according to the company's borrowing agreement from the banks by an amount of JD 455,505,000 on behalf of the government to pay part of the debt due from the government in exchange for issuing undertakings by the Ministry of Finance to pay the amount of loans and interest Due and signed between the company and the Jordanian government represented by the Minister of Finance, according to the Council of Minister’s decision No. (9158) taken in its session held on March 24, 2020.

- The company committed to reduce the debt of the security authorities by an amount of JD 105,000,000 during the year 2021, according to an agreement for the company to borrow from the banks assigned by the Ministry of Finance by an amount of JD 105,000,000 on behalf of the government to pay part of the debt owed by the government in return for the Ministry of Finance issuing pledges to the banks to pay the amount of the installments and interest payable thereon, in implementation of the Council of Minister’s Decision No. (5011) adopted in its meeting held on December 19, 2021.

- Upon on the offsetting request by Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Armed Forces – Arab Army debts of JD 5,574,712 against part of the special tax due from the company, the offsetting committee approved the request, and the mentioned offsetting was performed during January 2021.

- Upon on the offsetting request by Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Royal Medical Services debts in the amount of JD 1,271,118 against part of the special tax due from the company, the offsetting committee approved the request, and the mentioned offsetting was performed during March 2021.

- Upon on the offsetting request by Jordan petroleum Products Marketing Company to the Ministry of Finance to offset the debt accrued on Jordanian Armed Forces – Arab Army in an amount of JD 3,622,469 with part of the Company’s accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during August 2021.

- Upon on the offsetting request by Jordan petroleum Products Marketing Company to the Ministry of Finance to offset the debt accrued on Jordanian Armed Forces – Arab Army in an amount of JD 5,496,055 with part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during December 2021.

- Upon on the offsetting request by Jordan petroleum Products Marketing Company to the Ministry of Finance to offset the debt accrued on the Ministry of Health in an amount of JD 1,970,377 with part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during April 2022.

- Upon on the offsetting request by Jordan petroleum Products Marketing Company to the Ministry of Finance to offset the debt accrued on the Ministry of Education in an amount of JD 1,708,179 with part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during April 2022.

- Upon the offsetting request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Royal Medical Services debts in the amount of JD 1,252,445 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during April 2022.

- Upon on the offsetting request by Jordan petroleum Products Marketing Company to the Ministry of Finance to offset the debt accrued on Jordanian Armed Forces – Arab Army in an amount of JD 6,434,787 with part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during June 2022.

- Upon on the offsetting request by Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Royal Medical Services debts in the amount of JD 1,079,446 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during June 2022.

- Upon on the offsetting request by Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Ministry of Education debts in the amount of JD 745,027 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during September 2022.

- Upon on the offsetting request by Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Armed Forces – Arab Army debts in the amount of JD 4,233,789 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during September 2022.

- Upon on the offsetting request by Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Royal Medical Services debts in the amount of JD 406,111 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during September 2022.

- The company signed an agreement to provide oil derivatives to Jordanian Royal Air Force on May 26,2021 included a payment deadline by 15 days since the day of receiving the invoices and according to that the Jordanian Royal Air Force was committed to pay its withdrawals as the due date. The agreement was also extended for another year according to the letter of the General Command of the Jordanian Armed Forces - Arab Army No. (AH 2/4/1180) dated February 14, 2022.

b. This item includes receivables of different fuel customers and other receivables in the amount of JD 11,297,858 related to the refining and gas activities, and JD 1,479, 848 related to the oil factory and JD 42,186,518 related to Jordan Petroleum Products Marketing Company and JD 1,873,336 related to the Jordan Lube Oil Manufacturing Company as of December 31, 2022, noting that the Jordan Lube Oil Manufacturing Company started operating as of April 1, 2022 and the entire lube oil activities and oil factory has been annexed to it.

c. This item includes receivables related to the oil factory with an amount of JD 8,710, an amount of JD 4,047,959 related to the Jordan Petroleum Products Marketing Company, and an amount of 10,411 related to the Jordan Lube-Oil Manufacturing company as of December 31, 2022, noting that the Jordan Lube Oil Manufacturing Company started operating as of April 1, 2022, and the entire activity and oil factory has been annexed to it.

- 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 pay 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 through 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), retrospective 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, 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. Moreover, implementation of the above decision has been suspended.

- 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 on the Ministry of Finance's 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 on the Ministry of Finance's 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 from May 1, 2018.

- The Company addressed its 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 on 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 aircraft 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 the Jordan Petroleum Products Marketing Company – a subsidiary. As a result, an agreement for the jet-fuel supply was signed between Alia Company – Royal Jordanian Airlines and Jordan Petroleum Products Marketing Company on November 1, 2018. Consequently, 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. A new supply agreement was also signed between Alia Company - Royal Jordanian Airlines and the Jordan Petroleum Products Marketing Company - a subsidiary company that expires on February 11, 2024.

- Pursuant to 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 is settled on the financial relationship between the Government and the 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 Jordan Petroleum Refinery Company 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, accompanied by 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 the 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 - Royal Jordanian Airlines 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, which was booked in the Company's records for the refining and gas activity (Note 18/J).

- Pursuant to the Council of Ministers' Decision No. (1976), adopted in its meeting held on April 18, 2021, It was approved that the Ministry of Finance would pay the discounts owed to Alia Company - Royal Jordanian Airlines that are not paid for its jet-fuel withdrawals according to the discount decisions granted to Alia Company - Royal Jordanian Airlines for its withdrawals according to a mechanism to be agreed upon between the Ministry of Finance and Alia Company - Royal Jordanian Airlines isolating the Jordan Petroleum Refinery Company, with the aim of not obligating the government with any additional obligations as a result of increasing the balance of the financial relationship between the JPRC and the government and the consequent interests of delayed payments.

d. The maturity of checks under collection for refining and gas activity extends until January 8, 2023, with a value of JD 6,420,781, while the maturity of checks of the Jordan Petroleum Products Marketing Company extends until October 5, 2024, with a value of JD 23,574,493, and the maturity of checks of the Jordan Lube Oil Manufacturing Company extends Until March 28, 2023, with a value of JD 2,867,058 as of December 31, 2022, noting that the Jordan Lube Oil Manufacturing Company started its operations as of the first of April 2022, and the entire lube oil activities and oil factory were annexed to it.

e. The Ministry of Finance item (the relationship) includes an amount of JD 296,970,716 related to the refining and gas activity, and an amount of JD 31,311,116 related to Jordan Petroleum Products Marketing Company as of December 31, 2022.

   - As per the Ministry of Finance's Letter No. (8AR/4/5197), dated February 18, 2020, the balance of the financial relationship between the company and the Government as of December 31, 2018 of JD 591,669,659 was confirmed, provided that the National Electricity Company match its debt as per its own records with that as per the records of Jordan Petroleum Refinery Company. Accordingly, the National Electricity Company confirmed the balance in its letter No. (7216/2503), dated March 11, 2020, and requested that it be allowed to pay the balance over three years in equal monthly installments. The company did not accept the National Electricity company's request and it did give a juridical warning to pay all the due amounts and its interest, as a result of the National Electricity Company's failure to pay the accrued amounts, the Company has filed a case against the National Electricity Company at the competent courts. Accordingly, a financial settlement agreement was signed between the two companies to pay the debt owed by the National Electricity Company in return for dropping the lawsuit, and the agreement included that the amount due in addition to the interests of the delayed payment and installments will be paid in (12) equal installments starting from July 2022 and the National Electricity Company has committed to pay the due installments until the date of the audit report.

- The Company has committed to reducing the Ministry of Finance’s debt (the relationship) by JD 137,903,814 during the year 2019, according to the Company's borrowing agreement with banks of JD 455,505,000, on behalf of the Government to pay part of the debt owed by the Government against the issuance of pledges by the Ministry of Finance to pay the loan amount and interest thereon. The agreement was signed between the Company and the Jordanian Government at June 16, 2020 and after the Council of Ministers approved the agreement and authorized the Minister of Finance to sign it on behalf of the Jordanian Government, according to the Council of Ministers’ Decision No. (9158), taken in its meeting held on March 24, 2020.

  Upon offsetting request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance for offset procedure between part of the Ministry of Finance's debt (the main account of the Ministry of Finance – The Relationship) in favor of the company and the general and special tax included in the customs data for the benefit of the Customs Department, the Customs Department approved this procedure on March 16, 2020, and the offsetting Committee agreed this procedure on July 6, 2020, to conduct a an offsetting in an amount of JD 58,042,756, and the above offsetting procedure was completed during the month of July of the year 2020.

- Upon on the offsetting request by the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, for offsetting the Ministry of Finance relationship account due to the company amounted to JD 137,667,786 and the balance of the differences in pricing of derivatives and surpluses trusts due to the government in the amount of JD 44,167,683 and the balance of establishing alternative tanks deposits due to the government in the amount of JD 93,500,103 for the balances as of September 30, 2020, the Ministry of Finance letter No. (18/4/694) was received on January 10, 2021, which includes the approval of the above-mentioned offsetting based on the offsetting instructions, and that the offsetting was carried out at the Ministry of Finance on January 4, 2021, and that the offsetting is recorded in the financial statements for the year 2020, according to the balances of the financial relationship between the company and the government as of September 30, 2020 contained in the company's letter No. (2/25/51/1/8988) dated December 15, 2020.

- The balances of general and special taxes included in the balance of the financial relationship between the company and the government below are matched with the records of the Income and Sales Tax Department as of December 31, 2022.

- According to the Council of Ministers’ Decision No. (5011) adopted in its meeting held on December 19, 2021, the company borrowed an amount of JD 105,000,000, equivalent in US dollars, from the banks assigned to it by the Ministry of Finance on December 31, 2021 against for the Ministry of Finance issuing pledges to repay the loan amounts and their interest to the banks, also, the receivables of the security authorities were reduced according to the agreement concluded between the company and the Ministry of Finance, as the decision authorized the Minister of Finance to sign this agreement on behalf of the government.

- According the Council of Ministers' decision No. (5329) adopted in its session 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 the processing and transportation of crude oil between the government of the Republic of Iraq and the government of the Hashemite Kingdom of Jordan, the company signed the agreement on August 1, 2019 and the company issued a letter of credit in favor of the Central Bank of Iraq to cover the value of the amount of 10 thousand barrels per day throughout the year according to the monthly average price of a barrel of Brent crude oil minus 16 US dollars, noting that the quantities of Iraqi oil were supplied at the end of August of 2019 and according to the minutes signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources, and the Jordan Petroleum Refinery Company on March 10, 2020, the balances and accounts of Iraqi crude oil were reconciled until December 31, 2019, and according to the minutes signed between those concerned in the Ministry of Finance and the Ministry of Energy and Mineral Resources And the Jordan Petroleum Refinery Company, on September 30, 2020, Iraqi crude oil balances and accounts were reconciled up to April 30, 2020, noting that Iraqi oil supply was stopped during the May and June 2020 due to the decrease in international prices and it started to be supplied again on the first of July 2020 and its supply ended by the end of November 2020 and the Iraqi oil balances and accounts were reconciled until the end of the current tender according to the minutes signed between the concerned parties in the Ministry of Finance And the Ministry of Energy and Mineral Resources and the Jordan Petroleum Refinery Company on December 20, 2020, Noting that the government of Jordan agreed with the Iraqi Ministry of Oil to renew the agreement, the supply of Iraqi oil was started under the new agreement at the beginning of September 2021, Moreover, the Jordan Petroleum Refinery Company was authorized to implement the terms of the agreement on behalf of the Jordanian government under the letter of Ministry of Energy No.(MNG/5483/8/21) dated August 12, 2021 based on Prime Minister's Decision No. (1391) adopted in its meeting held on February 17, 2021. The Iraqi oil balances and accounts for the period from the beginning of September to the end of December 2021 were also matched according to the signed minutes between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources and the Jordan Petroleum Refinery Company on February 21, 2022. Note that the Iraqi oil supply agreement has been extended till the end of 2022 and It was extended to the end of March 2023 and it is subject to extension.

- Based on the offsetting request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance, which includes a request for a procedure between part of the accounts of the Ministry of Finance - the relationship in the amount of JD 49,002,240 and the balance of deposits of derivatives pricing differences and surpluses due to the government in the amount of JD 153,383 and fees and allowances according to the oil derivatives sale price bulletin (IPP) in the amount of JD 48,848,857, for the balances as of September 30, 2022, and the Ministry of Finance's issued letter No. (18/4/2068) dated January 23, 2023, containing the approval of the mentioned offsetting procedure, was received according to the balances of the financial relationship between the company and the government as of September 30, 2022 where it is contained in the company's letter No. (25/51/1/8969) dated November 16, 2022.

- The Ministry of Finance's balances related to Jordan Petroleum Products Marketing Company activity were confirmed as of December 31, 2021 through the Ministry of Finance's approval of the Jordan Petroleum Products Marketing Company's Letter No. (111/2/859), dated February 9, 2022.

- The balances of the Ministry of Finance for the Jordan Petroleum Products Marketing Company were approved as of December 31, 2022, through the Ministry of Finance's approval on the Jordan Petroleum Products Marketing Company's letter No. (111/3/615) dated January 29, 2023.

- The Company signed an agreement for supplying oil derivatives with Royal Jordanian Air Force on May 26, 2021 included payment deadline of 15 days starting from the invoices receiving day, and according to that Jordanian Royal Air force was committed to pay all due amounts on time. The agreement was also extended for another year according to the letter of the General Command of the Jordanian Armed Forces - Arab Army No. (AH 2/4/1180) dated February 14, 2022.

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

	April 30, 2018 (Audited)
Amounts Owed to the Company:	JD
Ministry of Finance primary account (the 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:	
Deposits differences of oil derivatives pricing and surplus	43,746,064
Special sales tax deposits	1,738,247
Deposits for constructing alternative tanks – the Ministry of Energy	93,500,103
Fees and allowances according to the oil derivatives pricing bulletin (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 the refining and gas activity as of December 31, 2018 (Which was confirmed by the Ministry of Finance letter No. (8AR/4/5197)) is as follows:

	December 31, 2018 (Audited)
<u>Amounts Owed to the Company:</u>	JD
Ministry of Finance primary account (the 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
<u>Less: Amounts Owed to the Government:</u>	
Deposits differences of oil derivatives pricing and surplus	44,022,727
Special sales tax deposits	2,861,098
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees and allowances according to the oil derivatives pricing bulletin (IPP)	36,050,789
Total amounts due to the Government	176,434,717
Balance Owed by the Government to the Company	591,669,659

- 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 – government's loan) is as follows:

	December 31, 2019 (Audited)
Amounts Owed to the Company:	JD
Ministry of Finance primary account (the 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
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:	
Deposits differences of oil derivatives pricing and surplus	44,134,309
Special sales tax deposits	(2,189,866)
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees and allowances according to the oil derivatives prices bulletin (IPP)	48,609,966
Total amounts due to the Government	184,054,512
Balance Owed by the Government to the Company	279,280,534

The balance of the financial relationship between the Company and the Government related to the refining and gas activity as of September 30, 2020 (Which was confirmed by the Ministry of Finance according to the Ministry approval on the offsetting dated January 4, 2021) is as follows:

	September 30, 2020 (Reviewed)
Amounts Owed to the Company:	JD
Ministry of Finance primary account (the relationship)	194,763,517
General sales tax deposits	122,602,265
Special sales tax deposits	44,997,572
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	1,325,578
Royal Air Force	92,293,727
Directorate of General Security	2,475
Departments, ministries, and Governmental agencies and Institutions	2,421,811
National Electricity Company**	72,147,468
Total Debts of Security Authorities, Governmental Departments and Institutions, and the National Electricity Company	168,191,059
Total Amounts owed to the Company	530,554,413
Less: Amounts Owed to the Government:	
Deposits differences of oil derivatives pricing and surplus	44,167,683
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees and allowances according to the oil derivatives pricing bulletin (IPP)	50,718,837
Total amounts due to the Government	188,386,623
Balance Owed by the Government to the Company	342,167,790

- The balance of the financial relationship between the Company and the Government related to the refining and gas activities as of December 31, 2020 is as follows:

	December 31, 2020 (Audited)
	JD
Amounts Owed to the Company:	
Ministry of Finance primary account (the relationship)	68,240,240
General sales tax deposits	123,188,580
Special sales tax deposits	33,757,592
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	1,374,855
Royal Air Force	103,436,845
Directorate of General Security	2,632
Departments, ministries, and Governmental agencies and Institutions	3,290,168
National Electricity Company**	72,147,468
Total Debts of Security authorities, Governmental Departments and Institutions, and the National Electricity Company	180,251,968
Total Amounts Owed to the Company	405,438,380
Less: Amounts Owed to the Government:	
Deposits differences of oil derivatives pricing and surplus	19,104
Deposits for constructing alternative tanks - Ministry of Energy	-
Fees and allowances according to the Oil derivatives pricing bulletin (IPP)	51,514,419
Total Amounts Owed to the Government	51,533,523
Balance Owed by the Government to the company	353,904,857

- The balance of the financial relationship between the Company and the Government related to the refining and gas activities as of December 31, 2021 is as follows:

	December 31, 2021 (Audited)
	JD
Amounts Owed to the Company:	
Ministry of Finance primary account (the relationship)	165,747,052
General sales tax deposits	126,294,176
Special sales tax deposits	182,255
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	-
Royal Air Force	13,286,270
Directorate of General Security	2,025
Departments, ministries, and Governmental agencies and Institutions	2,413,667
National Electricity Company**	72,147,468
Total Debts of Security authorities, Governmental Departments and Institutions, and the National Electricity Company	87,849,430
Total Amounts Owed to the Company	380,072,913
Less: Amounts Owed to the Government:	
Deposits differences of oil derivatives pricing and surplus	108,433
Deposits for constructing alternative tanks - Ministry of Energy	-
Fees and allowances according to the Oil derivatives pricing bulletin (IPP)	46,680,255
Total Amounts Owed to the Government	46,788,688
Balance Owed by the Government to the company	333,284,225

- The balance of the financial relationship between the company and the government related to the refining and gas activity as of September 30, 2022 (confirmed by the Ministry of Finance pursuant to the Ministry's approval of the offsetting procedure on January 23, 2023) is as follows:

Amounts Owed to the Company:	September 30, 2022 (Reviewed) JD
Ministry of Finance primary account (the relationship)	266,543,378
General sales tax deposits	129,220,485
Special sales tax deposits	533,981
Debts of security authorities, Governmental departments and institutions: *	
Armed Forces / Directorate of Supply	30,109
Royal Air Force	43,149,216
Directorate of General Security	5,454
Departments, ministries, and Governmental agencies and Institutions	5,271,713
Total Debts of Security Authorities, and Governmental Departments and Institutions	48,456,492
Total Amounts owed to the Company	444,754,336
Less: Amounts Owed to the Government:	
Deposits differences of oil derivatives pricing and surplus	153,383
Deposits for constructing alternative tanks - Ministry of Energy	-
Fees and allowances according to the Oil derivatives pricing bulletin (IPP)	48,848,857
Total amounts due to the Government	49,002,240
Balance Owed by the Government to the Company	395,752,096
National Electricity Company **	71,158,551
Balance owed to the company by the government and the National Electricity Company	466,910,647

- The balance of the financial relationship between the Company and the Government related to the refining and gas activities as of December 31, 2022 is as follows:

	December 31, 2022 (Audited)
Amounts Owed to the Company:	JD
Ministry of Finance primary account (the relationship)	296,970,716
General sales tax deposits	130,914,449
Special sales tax deposits	1,779,821
Debts of security authorities, Governmental departments and Institutions: *	
Armed Forces / Directorate of Supply	51,936
Royal Air Force	47,022,677
Directorate of General Security	5,454
Departments, ministries, and Governmental agencies and Institutions	2,878,891
Total Debts of Security Authorities, and Governmental Departments and Institutions	49,958,958
Total Amounts owed to the Company	479,623,944
Less: Amounts Owed to the Government:	
Deposits differences of oil derivatives pricing and surplus	178,851
Deposits for constructing alternative tanks - Ministry of Energy	-
Fees and allowances according to the Oil derivatives pricing bulletin (IPP)	49,561,345
Total amounts due to the Government	49,740,196
Balance Owed by the Government to the Company	429,883,748
National Electricity Company **	48,255,316
Balance owed to the company by the government and the National Electricity Company	478,139,064

* According to the minutes of the Company's meetings with the Ministry of Finance and the held on November 8, 9 and 16, 2017, in order to determine the balances of the financial relation between Jordan Petroleum Refinery Company and the Government (excluding Jordan Petroleum Products Marketing Company and the Lube Oil Factory) for the balances as of September 30, 2017, the Ministry of Finance committed a pledge for all of the debt balances of the Armed Authorities, Royal Air Force, Public Security Directorate, the General Directorate of Gendarmerie, other security authorities, and governmental departments, within its budget as well as the debts of the National Electric Power Company for the refining and gas activities of JD 319,468,856 as of September 30, 2017. In the meantime, the two parties have agreed that no provision would be made for the debts of Royal Jordanian Company, municipalities, governmental universities, and managerially 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.

** The company signed a financial settlement on June 23, 2022, with the National Electricity Company to pay the debt owed by it and the interest of delayed payments and installments. The agreements also included that the amount due must be paid over (12) equal installments starting from July 2022, and the National Electricity Company has committed to pay the due installments on their due dates until the date.

- Based on the offsetting request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance, which includes a request for offsetting a procedure between part of the accounts of the Ministry of Finance - the relationship in the amount of JD 49,002,240 and the balance of deposits of derivatives pricing differences and surpluses due to the government in the amount of JD 153,383 and fees and allowances according to the oil derivatives sale price bulletin (IPP) in the amount of JD 48,848,857, for the balances as of September 30, 2022, and the Ministry of Finance's issued letter No. (18/4/2068) dated January 23, 2023, containing the approval of the mentioned offsetting procedure, was received according to the balances of the financial relationship between the company and the government as of September 30, 2022 where it is contained in the company's letter No. (25/51/1/8969) dated November 16, 2022.

f. The general sales tax deposits item includes an amount of JD 130,914,449 related to the refining and gas activity, and JD 1,432,759 related to the Jordan Petroleum Products Marketing Company and an amount of JD 632,805 related to the Jordan Lube Oil Manufacturing Company as of December 31, 2022. Noting that the operation of Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022 and the entire lube oil activity and oil factory has been annexed to it.

- According 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) and (95) 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 quantity 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 outstanding customs statements at the Customs department were finalized during July 2020.

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

- 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 on the sales and related to goods and services subject to the General Sales Tax at a percentage or for an amount 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 its imports for quantities sold to the marketing companies only, provided that the general sales tax and special sales tax thereon shall be paid by those companies within the pricing structure of (IPP). Moreover, the outstanding customs statements at the Jordan Customs Department were finalized during July 2020.

- The letter of Income and Sales Tax Department No. (20/4/347) dated February 16, 2021 which included the approval of the department to collect taxes on the sales of JPRC to the three marketing companies through marketing companies only, and that JPRC is not obligated to pay taxes on its sales to the marketing companies and is only obligated to pay tax on its sales to other customers.

- Upon on the offsetting request by the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, for offsetting part of the Ministry of Finance's debt (the Ministry of Finance relationship account) in favor of the Company with the general and special tax on the customs' statements held at the Customs Department, and it approved on March 16, 2020, by the Customs Department, and on July 6, 2020, by the Offsetting Committee for a total amount of JD 58,042,756. The above-mentioned offsetting was completed during July 2020.

- Pursuant to the Council of Ministers' Decision No. (2898) adopted in its session held on July 7, 2021, they accept to exempt the company's imports of crude oil and oil derivatives from customs fees (Standard fees) until April 30, 2022.

- Pursuant to the Council of Ministers' Decision No. (7278) adopted in its session held on June 5, 2022 the Council of Ministers' Decision No. (2898) was extended until April 30, 2023, which includes exempting the Jordan Petroleum Refinery Company's imports of crude oil and oil derivatives from customs fees (Standard fee).

g. This item consists mainly of the current account of Company employees' Housing Fund, deposits for the Jordan Customs Department, and other debit balances.

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 gas stations establishment, including an amount of JD 7,050,112 related to the refining and gas activity, and JD 2,436,246 related to Jordan Petroleum Products Marketing Company and an amount of 132,273 related to the Jordan lube Oil Manufacturing Company as on December 31, 2022, noting that the Jordan lube Oil Manufacturing Company started its operations as of April 1 2022, and the entire activity of lube oil and the oil factory was annexed to it.

i. This item represents what was paid to the gas stations' owners according to agreements through which Jordan Petroleum Products Marketing Company (a subsidiary) supplies these gas stations with their fuel needs. According to these agreements, the Company shall participate in building or modernizing the gas stations and installing pumps. In addition, 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 or the useful life of the assets, whichever is lower.

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

	December 31,	
	2022	2021
	JD	JD
Balance at the beginning of the year	23,205,635	21,812,417
Addition during the year *	1,451,816	2,503,175
(Released) during the year	(433,576)	(1,109,957)
Balance at the End of the Year	24,223,875	23,205,635

- The provision for expected credit losses as of December 31, 2022 includes an amount of JD 4,942,192 related to refining and gas activity, an amount of JD 2,032,097 for the oil factory, an amount of JD 17,195,722 for the Jordan Petroleum Products Marketing Company, of amount of JD 53,864 for the Jordan Lube-Oil Manufacturing company As on December 31, 2022, knowing that Jordan lube Oil Manufacturing Company started its operations as of the first of April 2022, and the provision was calculated after taking into account the receivables guaranteed by the Jordanian government.

* This item includes an amount of JD 27,006 that was recorded on the financial relationship with the government account as of December 31, 2022.

10. Crude Oil, Finished Oil Products, and Supplies

This item consists of the following:

	December 31,	
	2022	2021
	JD	JD
Finished oil derivatives and lube oil	273,869,349	218,959,468
Crude oil and materials under process	123,503,424	80,349,582
Raw materials, spare parts, and other supplies	55,060,142	58,282,693
Goods in transit	80,840,381	66,640,860
Less: Provision for slow-moving and obsolete and sediments inventory*	(8,188,645)	(7,238,287)
	525,084,651	416,994,316

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

	December 31	
	2022	2021
	JD	JD
Balance at beginning of the year	7,238,287	7,957,384
Addition (Released) during the year	963,888	(406,590)
Less: written-off items	(13,530)	(312,507)
Balance at the End of the Year	8,188,645	7,238,287

11. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31			
	2022		2021	
	Number of Shares	JD	Number of Shares	JD
Listed Shares:				
Jordan Electricity Company	731,003	1,608,207	731,003	847,963
Safwa Islamic Bank	256,516	492,511	256,516	489,946
Arab Potash Company	47,300	1,663,541	47,300	1,240,206
Jordan Paper and Cardboard Factories Company	33,300	1,998	33,300	2,664
Public Mining Company	27,500	19,800	27,500	23,100
Palestine Development and Investment Company	28,060	27,891	28,060	24,889
Al Motarabita Investment Company	128,259	1,283	128,259	1,283
		3,815,231		2,630,051

12. Deferred Tax Assets

This item consists of the following:

Items that resulted in Deferred Tax Assets:	For the Year Ended December 31, 2022 Balance at the Beginning of the Year	Additions	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, 2021
	JD	JD	JD	JD	JD	JD	JD
Expected credit losses provision	23,205,635	1,451,816	(433,576)	24,223,875	4,946,226	294,468	4,651,758
Gas cylinders provision	5,000,000	4,373,316	(4,373,316)	5,000,000	950,000	50,000	900,000
Employees' vacations provision	2,055,580	80,164	-	2,135,744	405,791	35,787	370,004
End-of-service indemnity provision	37,859	1,943	-	39,802	7,562	747	6,815
Slow-moving and obsolete and sediments inventory provision	7,238,287	963,888	(13,530)	8,188,645	1,555,842	252,951	1,302,891
Storage fees provision	84,162	1,009,920	(1,009,920)	84,162	15,991	842	15,149
lawsuits provision	1,599,062	2,635,596	-	4,234,658	828,453	514,048	314,405
(Provision) of special tax differences	-	7,603,779	-	7,603,779	1,596,794	1,596,794	-
Acceptable tax (Losses) for the year	402,660	-	(282,744)	119,916	7,194	(40,819)	48,013
Differences from implementing IFRS (16) - a Subsidiary Company	2,457,422	1,306,002	-	3,763,424	945,996	271,364	674,632
	42,080,667	19,426,424	(6,113,086)	55,394,005	11,259,849	2,976,182	8,283,667

- The deferred tax assets for the year 2022 related to the refining, gas and oil factory activitie and Jordan lube oil manufcaturing Company were calculated at a rate of 18%, to which the national contribution is added at 1% and by 20% for the activity of Jordan petroleum products marketing company, to which the national contribution is added by 1%, according to Income Tax Law.

13. Investment Property - Net

This item consists of the following:

	Land	Buildings	Equipment	Total
For the Year Ended December 31, 2022	JD	JD	JD	JD
Cost:				
Balance at the beginning of the year	1,740,815	1,113,889	42,000	2,896,704
Balance at the End of the Year	1,740,815	1,113,889	42,000	2,896,704
Accumelated Depreciation:				
Balance at the beginning of the year	-	97,124	42,000	139,124
Additions	-	44,556	-	44,556
Balance at the End of the Year	-	141,680	42,000	183,680
Net Book Value	1,740,815	972,209	-	2,713,024
For the Year Ended December 31, 2021				
Cost:				
Balance at the beginning of the year	641,541	238,699	42,000	922,240
Transfers from Property and equipment - Note (14)	579,280	875,190	-	1,454,470
Transfers from right of use assets - Note (16)	519,994	-	-	519,994
Balance at the End of the Year	1,740,815	1,113,889	42,000	2,896,704
Accumelated Depreciation:				
Balance at the beginning of the year	-	64,502	42,000	106,502
Additions	-	32,622	-	32,622
Balance at the End of the Year	-	97,124	42,000	139,124
Net Book Value	1,740,815	1,016,765	-	2,757,580
Annual Depreciation Rate %		2	20	

- The fair value of the Group's investment property at December 31, 2022 amounting to JD 2,900,000 has been arrived at on the basis of a valuation carried out at that date by independent valuers not connected with the Group.

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

This item consists of the following:

Year 2022	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
Cost:	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	45,866,834	79,835,556	105,996,102	47,346,795	84,560,321	39,268,612	31,910,797	45,179,446	5,830,429	26,883	24,972,088	111,008	10,182,839	46,828,646	475,220,876	567,916,356
Additions	511,872	414,084	132,862	60,592	365,436	230,004	-	287,485	81,687	-	1,671,310	-	354,432	5,873,233	3,597,892	9,982,997
Transfers from Projects under Construction	-	2,591,583	-	-	88,657	4,508	-	-	-	-	14,870	-	12,349	(2,711,967)	2,711,967	-
Transfers from right of use assets	6,414,701	-	-	-	-	-	-	2,734,447	-	-	-	-	-	-	2,734,447	9,149,148
Disposals	-	(105,048)	-	-	(3,425)	(4,995)	-	(4,094,817)	-	-	(388,391)	-	(56,016)	-	(4,652,692)	(4,652,692)
Balance at the End of the Year	52,793,407	82,736,175	106,128,964	47,407,387	85,010,989	39,498,129	31,910,797	44,106,561	5,912,116	26,883	26,269,877	111,008	10,493,604	49,989,912	479,612,490	582,395,809
Accumulated Depreciation:																
Balance at the beginning of the year	-	33,850,097	104,719,741	42,400,758	69,793,005	31,080,510	31,910,796	37,871,152	4,945,308	26,883	21,132,567	111,008	9,217,179	-	387,059,004	387,059,004
Additions	-	3,136,922	41,536	796,554	1,322,515	1,445,653	-	1,759,057	24,642	-	1,951,258	-	726,031	-	11,204,168	11,204,168
Disposals	-	(43,766)	-	-	(3,425)	(4,995)	-	(4,059,504)	-	-	(115,810)	-	(56,016)	-	(4,283,516)	(4,283,516)
Balance at the End of the Year	-	36,943,253	104,761,277	43,197,312	71,112,095	32,521,168	31,910,796	35,570,705	4,969,950	26,883	22,968,015	111,008	9,887,194	-	393,979,656	393,979,656
Net Book Value as of December 31, 2022	52,793,407	45,792,922	1,367,687	4,210,075	13,898,894	6,976,961	1	8,535,856	942,166	-	3,301,862	-	606,410	49,989,912	85,632,834	188,416,153
annual depreciation rate %	-	2-4	10	10	4	10	10	15	5-10	10	20	10	40	-		
Year 2021																
Cost:																
Balance at the beginning of the year	45,211,062	78,755,215	105,996,102	46,980,945	84,404,563	36,300,304	31,910,797	45,516,215	5,086,091	26,883	24,729,295	111,008	10,333,600	43,541,804	470,151,018	558,903,884
Additions	1,259,678	1,250,291	-	365,850	125,946	1,420,365	-	98,601	746,273	-	2,354,731	-	103,012	5,670,154	6,465,069	13,394,901
Transfers from Projects under Construction	-	803,025	-	-	29,812	1,547,943	-	-	2,532	-	-	-	-	(2,383,312)	2,383,312	-
Transfers to real-estate property	(579,280)	(875,190)	-	-	-	-	-	-	-	-	-	-	-	-	(875,190)	(1,454,470)
Disposals	(24,626)	(97,785)	-	-	-	-	-	(435,370)	(4,467)	-	(2,111,938)	-	(253,773)	-	(2,903,333)	(2,927,959)
Balance at the End of the Year	45,866,834	79,835,556	105,996,102	47,346,795	84,560,321	39,268,612	31,910,797	45,179,446	5,830,429	26,883	24,972,088	111,008	10,182,839	46,828,646	475,220,876	567,916,356
Accumulated Depreciation :																
Balance at the beginning of the year	-	30,314,443	103,265,114	41,170,148	68,503,863	31,055,824	31,910,796	37,162,283	4,262,488	26,883	19,298,509	111,008	9,226,894	-	376,308,253	376,308,253
Additions	-	3,627,473	1,454,627	1,230,610	1,289,142	24,686	-	1,079,166	682,820	-	2,390,464	-	244,058	-	12,023,046	12,023,046
Disposals	-	(91,819)	-	-	-	-	-	(370,297)	-	-	(556,406)	-	(253,773)	-	(1,272,295)	(1,272,295)
Balance at the End of the Year	-	33,850,097	104,719,741	42,400,758	69,793,005	31,080,510	31,910,796	37,871,152	4,945,308	26,883	21,132,567	111,008	9,217,179	-	387,059,004	387,059,004
Net Book Value as of December 31, 2021	45,866,834	45,985,459	1,276,361	4,946,037	14,767,316	8,188,102	1	7,308,294	885,121	-	3,839,521	-	965,660	46,828,646	88,161,872	180,857,352
Annual Depreciation Rate %	-	2 - 4	10	10	4	10	10	15	5 - 10	10	20	10	40	-		

* Additions for projects under construction mainly consist of payments for technical, financial, legal and environmental studies related to the fourth expansion project, and projects for establishing and modernizing fuel stations for the Jordan Petroleum Products Marketing Company (Subsidiary Company).

- Projects under construction include assets related to refining and gas activity, amounting to JD 47,963,475, including an amount of JD 47,537,115 related to the fourth expansion project, and it was paid from the reserve allocated for this purpose. Also, it includes an amount of JD 2,026,437 for the Petroleum Products Marketing Company to establish and develop gas stations as of December 31, 2022.

- Property,plant and equipment includes fully depreciated assets with an amount of JD 316,991,030 as of December 31, 2022 (JD 308,229,416 as of December 31, 2021).

15. Intangible Assets - Net

This item consists of the following:

	December 31,	
	2022	2021
	JD	JD
Jordan Petroleum Products Marketing license *	30,000,000	30,000,000
Goodwill	9,960,314	9,960,314
Operating lease contracts	1,664,164	1,664,164
License agreement – trade name	444,009	444,009
Owned gas stations licenses	1,217,795	1,217,795
	43,286,282	43,286,282
Less: Accumulated amortization**	(29,000,000)	(26,000,000)
	14,286,282	17,286,282

* According to the Resolution of the Council of 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 company) 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 shall 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, noting that the license is renewable.

- Goodwill includes an amount of JD 960,000 resulting from the acquisition by the Jordan Petroleum Products Marketing Company (a subsidiary company) of a 60% of the shares of Al-Nuzha and Istiqlal Gas Station Fuel and Oil Company, which represents the valuation difference. In this regard, the recoverable amount from the 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 year 2015 and the following years were determined, using a growth rate of 4% for revenues and a growth rate of 2.5% for expenses. In the opinion of the Company's management, the used growth rates for revenues and expenses are reasonable considering 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) entirely owned by Jordan Petroleum Refinery Company has 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 2020 as follows:

	December 31, 2022
	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 Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each group of CGUs to which the goodwill is allocated. And the management believes that any reasonably possible change in the key assumptions related to the recoverable amount of Goodwill and Operating Lease contacts and License agreement – trade name, and Owned gas stations licenses would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

- The Company builds their estimates through calculating the free cash flow to the firm (FCFF) through the forecasted financial statements, then the Company computes the present value of these cash flows and the terminal value through applying the (WACC) and terminal growth, then the book value of the investment is compared to the fair value

- The Company estimated the fair value of the intangible assets amounting to around JD 45.9 million.

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

	For the Year Ended December 31	
	2022	2021
	JD	JD
Balance at the beginning of the year	26,000,000	23,000,000
License amortization for the year	3,000,000	3,000,000
Balance at the End of the Year	29,000,000	26,000,000

16. Lease contracts:
This item consists of the following:
1. (Right-of-use assets)
The following is the movement on the right-of-use assets during the year:

	For the Year Ended December 31,	
	2022	2021
	JD	JD
Cost:		
Balance at the beginning of the year	66,679,277	65,336,565
Additions during the year	1,616,343	2,640,393
Disposals during the year	(2,384,767)	(777,687)
Transfers to investments property – note (13)	-	(519,994)
Transfers to Property and equipment - Note (14)	(9,149,148)	-
Balance at the End of the Year	56,761,705	66,679,277
(Less): Accumulated Depreciation		
Balance at the beginning of the year	(12,091,173)	(8,589,072)
Additions during the year	(3,291,655)	(3,502,101)
Disposals during the year	2,496,261	-
Balance at the End of the Year	(12,886,567)	(12,091,173)
Net Book Value	43,875,138	54,588,104

Amounts recorded in the consolidated statement of profit or loss:

	For the Year Ended December 31,	
	2022	2021
	JD	JD
Right-of-use assets depreciation	3,291,655	3,502,101
Lease obligations interest expense	2,803,295	2,872,666
	6,094,950	6,374,767

2. Lease contracts obligations:
The following is the movement on lease contracts obligations during the year:

	For the Year Ended December 31,	
	2022	2021
	JD	JD
Balance at the beginning of the year	48,810,446	51,181,146
Add: Interest during the year	2,803,295	2,872,666
Additions during the year	1,666,390	2,685,793
(Less): Paid During the year	(9,619,712)	(7,635,911)
(Less): Disposal during the year	(2,016,138)	(293,248)
Balance at the End of the Year	41,644,281	48,810,446

Lease contracts accrual obligations analysis:

	As of December 31,	
	2022	2021
	JD	JD
Lease liabilities – current portion	2,238,082	4,969,591
Lease liabilities – non-current portion	39,406,199	43,840,855
	41,644,281	48,810,446

17. Due to Banks

This item consists of an overdraft and short-term loans accounts granted by several local and operating banks in the kingdom to finance the Company's activities and its subsidiary companies, at annual interest and murabaha rates ranging from 2.15% to 7.4%, during the year 2022, against the Company's guarantee as a legal personality. This item includes an amount of JD 656,535,922 for the refinery and gas activity, and JD 39,820,482 for Jordan Petroleum Products Marketing Company as of December 31, 2022.

18. Payables and Other Credit Balances

This item consists of the following:

	December 31,	
	2022	2021
	JD	JD
Deposits of surplus differences of oil derivatives pricing (a)	1,217,882	5,312,638
Special sales tax deposits on oil derivatives (b)	54,395,225	61,853,665
Deposits for constructing alternative tanks – Ministry of Energy (c)	-	-
Suppliers and obligations from purchase orders services and others	168,003,564	151,948,370
Write-off and maintenance of gas cylinders provision (d)	5,000,000	5,000,000
Fees and allowances according to the oil derivatives price bulletin (IPP) (e)	49,561,345	46,680,255
Lawsuits provision (Note 30/b)	4,234,658	1,599,062
Advance payment from customers (F)	8,828,372	8,733,744
Shareholders' deposits	14,066,303	12,063,557
Creditors and other credit balances	28,093,783	16,116,653
Retention deducted from contractors	462,204	465,089
Employees' vacations provision	2,135,744	2,055,580
Subsidiary companies import pricing differences (G)	17,174,463	11,443,376
Storage fees provision (H)	84,162	84,162
Balances retained against acquisition of subsidiary (I)	874,045	907,135
Alia company deposits – Royal Jordanian Airlines (J)	11,253,235	11,253,235
Special tax differences provision (K)	7,603,779	-
	372,988,764	335,516,521

a. This item includes deposits amounts of the differences of oil derivatives pricing and surplus amounted to JD 178,851, related to the refining and gas activities, and to JD 1,039,031, related to the Jordan Petroleum Products Marketing Company as of December 31, 2022.

- This item includes deposits amounts resulting from oil derivatives pricing and surplus differences between total cost including taxes, fees, and transportation charges; actual selling prices; according to oil derivatives pricing bulletin (IPP) and the published price effective as of March 2, 2008. These differences are considered as the Government's right according to the Ministry of Energy and Mineral Resources' Letter No. (9/4/1/719), dated February 16, 2009 and the Ministry of Finance's Letter No. (18/4/9952), dated April 29, 2009. Consequently, the Company was obliged, effective from March 2008 to record the results of the differences of prices in favor of the Ministry of Finance. Additionally, the Government has claimed the differences in the pricing of oil derivatives effective from December 14, 2008 according to the decision of the oil derivatives pricing committee, in its meeting held on December 13, 2008 provided that the pricing surplus be recorded as deposits under the liabilities within the Company's consolidated financial statements.

- Upon the offsetting request of the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, for offsetting part of the Ministry of Finance relationship account due to the company amounted to JD 137,667,786 which includes the balance of the differences of oil derivatives pricing and surplus trusts due to the government in the amount of JD 44,167,683 and the balance of establishing alternative tanks deposit due to the government in the amount of JD 93,500,103 for the balances as of September 30, 2020. the Ministry of Finance letter No. (18/4/694) was received on January 10, 2021, which includes the approval of the above-mentioned offsetting based on the offsetting instructions, and that the offsetting was carried out at the Ministry of Finance on January 4, 2021, and that the offsetting is recorded in the financial statements for the year 2020, according to the balances of the financial relationship between the company and the government contained in the company's letter No. (2/25/51/1/8988) dated December 15, 2020.

- Based on the offsetting request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance, which includes a request for a procedure between part of the Ministry of Finance account - the relationship amounted to JD 49,002,240 and the balance of deposits of derivatives pricing differences and surpluses due to the government amounted to JD 153,383 and fees and allowances according to the oil derivatives sale price bulletin IPP amounted to JD 48,848,857, for the balances as of September 30, 2022, and the Ministry of Finance's letter No. (18/4/2068) was received on January 23, 2023, containing the approval to perform the mentioned offsetting according to the balances of the financial relationship between the company and the government as of September 30, 2022 Contained in the company's letter No. (25/51/1/8969) dated November 16, 2022.

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

	December 31, 2022	December 31, 2021
	JD	JD
Balance at the beginning of the year	5,312,638	4,536,221
Additions during the year	1,324,510	776,417
Paid during the year	(5,419,266)	-
Balance at the End of the Year	1,217,882	5,312,638

b. This item includes an amount of JD (1,779,821) related to the refining and gas activity due for the company from the income and sales tax department, and an amount of JD 56,048,22 related to the Jordan Petroleum Products Marketing Company due for the income and sales tax department from the company and an amount of JD 126,822 related to the Jordan Lube Oil Manufacturing Company due for the income and sales tax department from the company as of December 31, 2022. noting that the Jordan Lube Oil Manufacturing Company work has been activated as of April 1, 2022 and the entirety of the lube-oil activity and oil factory has been annexed to it.

- Under Law No. (107) for the year 2019, the amended Special Tax Law, the general and special taxes, fees and stamps mentioned in the oil derivatives pricing bulletin (IPP) have been combined under special tax and specified for each item as per the above-mentioned law.

- Upon the offsetting request of the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, for offsetting part of the Ministry of Finance's debt (the Ministry of Finance relationship account) in favor of the company against the general and special tax on the customs' statements held at the Customs Department and it was approved on March 16, 2020, by the Customs Department, and on July 6, 2020, by the Offsetting Committee, for a total amount of JD 58,042,756. The above-mentioned offsetting was completed during July 2020.

- The company received a letter from Income and Sales Tax Department No. (20/4/347) dated February 16, 2021 which included the approval of the department to collect general and special taxes on the sales of the Jordan Petroleum Refinery Company to the three marketing companies through marketing companies only, and that the Jordan Petroleum Refinery Company is not obligated to pay taxes on its sales to the marketing companies and is only obligated to pay tax on its sales to other customers.

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 and paid to the Ministry of finance, the pricing mechanism of oil derivatives were ceased, starting from the first of December 2016, according to the oil derivatives selling prices bulletin (IPP).

- Upon the offsetting request of the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, for offsetting part of the Ministry of Finance relationship account due to the company amounted to JD 137,667,786 and the balance of the differences in pricing of derivatives and surpluses due to the government in the amount of JD 44,167,683 and the balance of establishing alternative tanks due to the government in the amount of JD 93,500,103 for the balances as of September 30, 2020, the Ministry of Finance letter No. (18/4/694) was received on January 10, 2021, which includes the approval of the above-mentioned offsetting based on the offsetting instructions, and that the offsetting was carried out at the Ministry of Finance on January 4, 2021, and that the offsetting is recorded in the financial statements for the year 2020, according to the balances of the financial relationship between the company and the government as of September 30, 2020 contained in the company's letter No. (2/25/51/1/8988) dated December 15, 2020.

d. The movement on the write-off and maintenance of gas cylinders provision is as follows:

	December 31, 2022	December 31, 2021
	JD	JD
Balance at the beginning of the year	5,000,000	5,000,000
Add: Recorded during the period/year *	4,373,316	4,032,307
Less: Released during the period/year *	(4,373,316)	(4,032,307)
Balance at the End of the Period/Year	5,000,000	5,000,000

* During the period ended December 31, 2022, a provision of 4,373,316 was recorded as gas cylinders write-off and repair cost, in accordance with oil derivatives selling prices bulletin (IPP) amounting to JD (10) for each ton of gas sold. An amount of JD 4,373,316 has been released during the year. Moreover, the number of gas cylinders sold during the year 2022 was around 35 million cylinders.

e. This item represents fees, allowances, and the deposits for the Ministry of Finance's 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:

	December 31,	
	2022	2021
	JD	JD
Balance at the beginning of the year	46,680,255	51,514,419
Recorded during the period/year	2,887,033	3,037,700
Paid during the period/year	(5,943)	(7,871,864)
Balance at the End of the Period/Year	49,561,345	46,680,255

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

g. This item represents pricing differences from imported finished oil derivatives between the cost of imported finished oil derivatives during the years from 2017 until the year 2022 and the Refinery Gate price included in the oil derivatives pricing bulletin (IPP) concerning the imports of Jordan Petroleum Products Marketing Company (a subsidiary) related to finished oil derivatives. In this regard, the Company recorded the difference between the actual import cost and the refinery gate price of oil derivatives as per the oil derivatives of 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 for the Company or for the Ministry of Finance, and therefore, If it was the company's rights, this balance becomes a revenue for the company, and If it was really for the Ministry of Finance, it is transferred from the deposits account without affecting the consolidated statement of profit or loss.

h. The Company has recorded a provision for storage fees against the claim of the Jordan Oil Terminals Company (JOTC) under its Letter No. (1/64/2018), dated April 3, 2018. In the letter, JOTC claimed storage fees on fuel oil at 3.5% and 1%, by JD 3.5 per cubic meter 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 cubic meter stored. 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. In this respect, EMRC has not determined the final storage fees yet.

- The Company received Letter No. (18/4/12022), dated June 23, 2020, from the Ministry of Finance, which includes the Ministry of Finance's request to the Company to pay the fuel oil storage fees for JOTC for the period from May 25, 2017, until April 30, 2018, as the government has borne the cost of storage fees according to the financial relationship between the Company and the government for that period. In this respect, the Company paid the amount recorded until the end of the financial relationship with the government.

- The company signed a settlement report with the JOTC on June 6, 2021, included matching the balance between the two companies and record the due amount for the JOTC which include that it has to be paid on six equal monthly instalments, In Addition, the payment of storage fees of fuel oil 3.5% on a monthly basis. Moreover, the company through April 2021 exported the Fuel Oil 1% which was imported for The national Electricity Company since the Egyptian Oil was interrupted , The National Electricity pledged the Company to purchase the fuel oil and to pay all the costs , but it did not commit the pledge and as a result of that the Company sent a judicial warning including their claim for the difference of Importing and exporting values , Included in claimed costs the cost of the material storage in JOTC tanks. As a result of the non-response of the National Electric Company, the company filed a case against the National Electric Company to collect the difference in the value of fuel oil 1% exported and all the costs of importing and storing it with the competent courts and the case is still being considered by the competent court.

- The movement on this item is as follows:

	December 31,	
	2022	2021
	JD	JD
Balance at the beginning of the year	84,162	7,954,329
Recorded during the period/year	1,009,920	943,845
Paid during the period/year	(1,009,920)	(8,814,012)
Balance at the End of the Period/Year	84,162	84,162

i. This item represents the amount retained by Jordan Petroleum Products Marketing Company (a subsidiary) against any future liabilities that may arise on the Hydron Energy Company LLC, after wholly acquiring it 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 had been matched, both parties agreed to offset the accrued outstanding balance due from Alia Company - Royal Jordanian Airlines 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.

k. The Income and Sales Tax Department imposed a special tax differences, upon auditing the Jordan Petroleum Products Marketing Company (subsidiary), on the company's sales for the Al-Masar and Al-Tarawneh coalition, the Saad Al-Mobti and Partners coalition, the Al-Aoun and BCM coalition, despite the presence of decisions issued by the council of ministers exempting the withdrawals of these coalitions from the tax on diesel, and accordingly the company filed a case with the competent courts to respond to the claim of the Income and Sales Tax Department based on the Income and Sales Tax Department subjecting the sales of exempt entities under the council of ministers decisions to the Tax Department. Accordingly, a reconciliation was presented to the Income and Sales Tax Department, including the company's payment of 50% of the value of the special sales tax differences in return for exempting the company from the fines represented by a fine that doubles the tax amount, penal fines, and late payment fines. And the company is still waiting for the Council of Minister's decision to exempt it from these fines.

19. Provision for Income Tax

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

	2022	2021
	JD	JD
Balance at the beginning of the year	6,414,333	675,314
Add: Income tax expense for the year	30,938,298	7,331,041
Less: Income tax paid	(15,101,277)	(1,592,022)
Balance at the end of the Year	22,251,354	6,414,333

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

	2022	2021
	JD	JD
Income tax for the year	30,938,298	7,331,041
Deferred tax assets impact for the year – note (12)	(2,976,182)	4,905,983
	27,962,116	12,237,024

- The company obtained a final and definitive settlement from the Income and Sales Tax Department until the end of 2020. Also, the company’s tax expense was calculated and paid for 2021 and the tax return was submitted for 2021. The tax expense was calculated for the year 2022, in accordance with the provisions of the Jordanian income tax law, and the management’s opinion and the company's tax advisor, the provisions taken in the consolidated financial statements are sufficient for the purposes of tax obligations.

- The Jordan Petroleum Products Marketing Company (a subsidiary) reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of the year 2019. In addition, the company submitted its tax returns for the years 2020 and 2021 and paid the declared tax thereof. In addition, the tax expense for the year 2022, has been calculated for the subsidiary company 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 declarations have been submitted for all the subsidiary companies of the Jordan Petroleum Products Marketing Company for the years 2020 and 2021, and the declared income tax was paid. Moreover, the income tax expense has been calculated for the year 2022, according to the Jordanian Income Tax Law. In the opinion of the Company’s management and tax advisor, the provisions booked in the consolidated financial statements are sufficient to cover its tax liabilities.

- The Jordan Lube Oil Manufacturing Company (a subsidiary) reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of 2021, and the tax expense for the year 2022 was calculated in accordance with the provisions of the Jordanian Income Tax Law. In the opinion of the company’s management and tax consultant, the (provisions) taken in the consolidated financial statements are sufficient for the purposes of tax liabilities.

- The income tax rate reached 18% for the refining and gas activity and the lube oil factory and the Jordan Lube Oil Manufacturing Company 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

In its extraordinary meeting held on April 29, 2015, the General Assembly approved to increase the Company's capital to JD 75 million through capitalizing JD 12/5 million from retained earnings and to distribute it as stock dividends at 20%. Moreover, the Company's General Assembly, approved in its extraordinary meeting held on April 28, 2016, to increase the company's capital through capitalizing JD 25 million from retained earnings and to distribute it as free shares. Consequently, the Company's authorized and paid-up capital has become JD 100 million.

B. Statutory Reserve

In accordance with the Jordanian Companies Law, 10% of annual net income 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, in its ordinary meeting dated April 30, 2018, the statutory reserve deduction has been discontinued for the Company, while 10% of net income related to the subsidiaries companies activities 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 resolution of the General Assembly decision taken in its meeting held on April 27, 2019, and its meeting held on April 27, 2022.

C. Voluntary Reserve

This item represents what is allocated from the annual net profits at a maximum rate of 20%, and 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 any part of it as dividends to shareholders. In its ordinary meeting dated 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. In its ordinary meeting held on June 15, 2020, the General Assembly decided to allocate an amount of JD 10,428,215 to the voluntary reserve account from the retained earnings account, and also decided to use the accumulated voluntary reserve balance for the purposes of the Fourth Expansion Project. Moreover, the ordinary General Assembly decided, at its regular meeting held on April 28, 2021, to continue using the accumulated voluntary reserve balance for the purposes of the fourth expansion project, and as the General Assembly decided in its ordinary meeting held on April 27, 2022, to allocate an amount of JD 12,896,118 to the voluntary reserve account from the retained earnings account and decided to use the accumulated voluntary reserve balance for the purposes of the fourth expansion project.

D. Fourth Expansion Reserve

This item represents what is allocated from the annual net profits at a maximum rate of 20%. the General Assembly decided in its ordinary meeting held on April 30, 2018, to allocate an amount of JD 7,836,292 from retained earnings to the Fourth Expansion Project 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 Project reserve. In its ordinary meeting held on June 15, 2020, the General Assembly decided to allocate an amount of JD 10,428,215 from the retained earnings account to the Fourth Expansion Project reserve, and as the General Assembly decided, in its ordinary meeting held on April 27, 2022, to allocate an amount of JD 12,896,118 to the fourth expansion project reserve account from the retained earnings account.

During the year 2022, an amount of JD 3,442,752 was paid as payments for technical, financial, legal and environmental services and consultations related to 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, 2022.

22. Retained Earnings

In its extraordinary meeting held on April 29, 2015, the General Assembly approved 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, in its extraordinary meeting held on April 28, 2016, decided to increase the company's capital through capitalizing JD 25 million and to distribute it as stock dividends to the shareholders. Consequently, the Company's authorized and paid-up capital has become JD 100 million.

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 paid-up capital as dividends to shareholders, and to deduct 20% from annual net profits to the voluntary reserve, and 20% to the Fourth Expansion Project reserve.

In its ordinary meeting held on June 15, 2020, the General Assembly approved the distribution of cash dividends at a rate of 17% from the Company's authorized and paid-up capital as dividends to shareholders, and to deduct 20% from annual net profits allocated to the voluntary reserve, and 20% allocated to the Fourth Expansion Project reserve.

And the General Assembly also decided, in its ordinary meeting held on April 28, 2021, to approve the distribution of 5% of the company's capital as cash dividends to shareholders.

And the General Assembly decided to approve in its regular meeting held on April 27, 2022, the distribution of 30% of the company's capital as cash dividends to shareholders and deduct 20% of the net annual profits for the optional reserve and 20% for the reserve for the fourth expansion project.

23. Sales - net

This item consists of the following:

	2022	2021
	JD	JD
Refining and gas cylinders filling sales*	528,895,472	410,715,170
Lube-oil factory sales	7,202,735	23,465,978
Jordan Petroleum Products Marketing Company sales	1,719,903,666	1,369,865,465
Jordan lube-Oil Manufacturing Company sales**	20,497,998	-
(Less): Fees, taxes and allowances according to selling prices of oil derivatives bulletin (IPP)	(570,292,922)	(564,372,776)
	1,706,206,949	1,239,673,837

* The finished oil derivatives sales of Jordan Petroleum Refinery Company to Jordan Petroleum Products Marketing Company (a subsidiary company) amounted to JD 808,143,203 for the year ended December 31, 2022.

** The operations of the Jordan lube-Oil Manufacturing Company was activated as of the first of April 2022, and the entire activities of lube-oil and the lube-oil factory was annexed to it.

24. Cost of Sales

This item consists of the following:

	2022					2021
	Refinery and Gas Cylinders Filling Activity	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Jordan Lube-Oil Manufacturing Company	Total	Total
Raw Materials:	JD	JD	JD	JD	JD	JD
Crude oil and materials under process at the beginning of the year	80,177,423	172,159	-	-	80,349,582	47,189,794
Purchases of crude oil and raw materials used in production	230,516,141	1,884,390	-	10,683,784	243,084,315	187,183,891
Crude oil and materials under process at the end of the year	(123,289,244)	-	-	(214,180)	(123,503,424)	(80,349,582)
	187,404,320	2,056,549	-	10,469,604	199,930,473	154,024,103
Industrial Expenses:						
Employees' salaries and other benefits	24,074,156	298,377	2,724,535	857,434	27,954,502	25,556,493
Property and equipment depreciation	2,213,627	40,762	1,217,055	45,418	3,516,862	3,966,955
Amortization of right-of-use lease - Subsidiary	-	-	33,023	-	33,023	396,278
Raw Materials, spare parts, and other supplies	6,011,657	13,365	1,027,972	82,370	7,135,364	5,751,776
Transportation fees and other expenses	8,575,328	170,775	12,109,852	483,686	21,339,641	17,734,413
Total Industrial Expenses	40,874,768	523,279	17,112,437	1,468,908	59,979,392	53,405,915
Total Production Cost	228,279,088	2,579,828	17,112,437	11,938,512	259,909,865	207,430,018
Add: Finished oil derivatives and lube oil at the beginning of the year	174,092,941	1,515,778	43,350,749	-	218,959,468	184,380,042
Purchases of finished goods during the year	307,681,286	-	1,337,810,435	1,405,199	1,646,896,920	1,042,796,583
Total Goods Available for Sale	710,053,315	4,095,606	1,398,273,621	13,343,711	2,125,766,253	1,434,606,643
Less: Finished oil derivatives and lube oil at the end of the year	(226,441,021)	-	(46,173,668)	(1,254,660)	(273,869,349)	(218,959,468)
	483,612,294	4,095,606	1,352,099,953	12,089,051	1,851,896,904	1,215,647,175
Subsidy of oil derivatives recorded on the Ministry of Finance account	(124,755,315)	-	(246,889,931)	-	(371,645,246)	(107,852,106)
Surplus of oil derivatives pricing difference recorded to the Ministry of Finance account	70,418	-	1,254,092	-	1,324,510	776,417
	358,927,397	4,095,606	1,106,464,114	12,089,051	1,481,576,168	1,108,571,486

- The average cost of purchasing a barrel of crude oil amounted to 101/68 USD for the year ending December 31, 2022 (compared to 70/03 USD for the year 2021).

25. Operating Income and Other

This item consists of the following:

	2022	2021
	JD	JD
Income from Ports Corporation *	1,440,000	1,440,000
Dividends shares income	137,941	98,351
Tanks rent, evaporation, and marketing companies uploading and downloading fees **	2,125,594	1,959,144
Delay interests	739,056	462,279
Foreign currency gains	382,641	1,728,120
Rental Income	1,162,922	973,107
Services Income	1,256,341	1,236,265
Transportation fees Income	107,317	102,705
Various other income	212,755	2,427,598
	7,564,567	10,427,569

* This item represents revenue due to Jordan Petroleum Refinery Company from using the services of the Company's employees by the Ports Corporation during the years 2022 and 2021, to assist in the work of Aqaba port.

** This item represents the storage and handling fees and the losses allowance, 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 inventory for their activities.

26. Selling and Distribution Expenses

This item consists of the following:

	2022	2021
	JD	JD
Salaries and other employees' benefits	19,603,352	19,270,804
Company's contribution to the Death, compensation and end of service indemnity Fund	1,914,696	1,703,650
Property and equipment depreciation	7,444,707	7,681,293
Right of use assets depreciation (a subsidiary company)	3,257,939	3,097,500
Raw materials, spare parts and other supplies	4,064,940	2,402,988
Insurance fees	735,664	686,631
Fees, taxes, and stamps	1,938,088	1,491,869
Security and safety expenses	2,152,842	2,325,189
Rents	4,534,740	3,547,413
Gas stations management service fees	5,064,813	4,049,652
Advertisement fees	1,625,579	1,303,066
Water and electricity fees	1,613,967	1,612,976
Loading, Unloading and handling fees	930,961	747,892
Various selling and distributing expenses	2,134,465	1,105,001
	57,016,753	51,025,924

27. General and Administrative Expenses

This item consists of the following:

	2022	2021
	JD	JD
Salaries and other employees' benefits	7,970,884	6,714,125
Executive management and members of the Board of Directors' allowances and benefits	685,000	481,746
Company's contribution to the Death, compensation and end of service indemnity Fund	484,151	410,043
Cash donations and contributions	1,120,210	158,562
Postage and telephone	54,570	66,831
Stationery and printing	90,488	92,920
Property and equipment depreciation	287,155	407,420
Right of use assets depreciation (a subsidiary company)	693	8,323
Technical and legal consultations and fees	295,110	423,830
Advertisements	162,539	132,906
Maintenance and repairs	158,941	131,836
Rents	190,049	195,645
Subscriptions	190,007	285,680
Insurance fees	109,657	192,213
Water and electricity	154,887	155,913
Professional fees	168,724	143,000
Fees, taxes, and stamps	657,419	337,174
Various general and administrative expenses	546,296	313,801
	13,326,780	10,651,968

28. Earnings per Share from profit for the year attributed to the Company's Shareholders-basic and diluted

Earnings per share for the Company's shareholders - basic and diluted is calculated by dividing 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:

	2022	2021
Profit for the year-shareholders (JD)	103,952,875	52,046,429
Weighted-average number of shares – (share)	100,000,000	100,000,000
Earnings per share from profit for the year – Basic and Diluted - (fils / dinar)	-/1040	- /520

29. Non-Controlling Interests

This item represents the value of the non-controlling interests in the net rights of the partners of the companies affiliated to the Jordan Products Marketing Company (a subsidiary company), the details of which are as follows:

	December 31, 2022			December 31, 2021		
Company	Non-controlling Percentage	Non - controlling Share from Net Profit (Loss)	Non-controlling Share from Net Assets	Non-controlling Percentage	Non - controlling Share from Net Profit (Loss)	Non-controlling Share from Net Assets
	%	JD	JD	%	JD	JD
Al-Nuzhah and Istiklal Gas Station for Fuel and Oil Company	40	158,294	1,368,276	40	153,830	1,393,453
Al-Karak Central Gas Station for Fuel Company	40	100,246	636,577	40	89,011	627,387
Rawaby Al-Qwirah Gas Station for Fuel and Oil Company	40	111,589	822,216	40	104,491	815,118
Al-Aon for Marketing and Distributing Fuel products Company	40	114,484	(440,239)	40	(749,892)	(570,404)
Jordanian German for Fuel Company	40	32,813	651,806	40	29,339	639,863
Al Kamel Gas Station for Fuel and Oil Company	40	318,881	1,247,816	40	253,171	1,181,916
Al-Wadi Al-A'abiad Gas Station for Fuel Company	40	44,809	478,104	40	36,223	469,518
Al-Tanmwieh Al-A'ola for Fuel Company Gas Stations	40	170,511	1,959,795	40	169,999	1,477,228
Al Qastal Gas Station for Fuel and Oil Company	40	27,924	484,744	40	18,996	456,819
Taj Amoun Gas Station for Fuel and oil Company	10	50,326	848,359	20	93,152	1,640,821
Al Shira' Gas Station for Fuel and Oil Company	40	(1,202)	471,355	40	(1,179)	472,557
		1,128,675	8,528,809		197,141	8,604,276

30. Contingent Liabilities and Financial Commitments

a. There are obligations may arise to the Company and financial commitments on the date of the consolidated statement of financial position, the details are as follows:

	December 31,	
	2022	2021
	JD	JD
Letters of credit and bills of collections*	968,586,603	824,723,687
Letters of guarantee	6,556,362	7,049,779
Contracts for projects under construction	15,257,702	14,986,304

* This item includes letter of credits (Standby L/Cs) in the amount of JD 163 million which is equivalent to USD 230 million in favor of Saudi Aramco Company as of December 31, 2022 (JD 128 million, equivalent to USD 180 million as of December 31, 2021).

b. There are lawsuits filed against the company in the courts for claims amounting of JD 4,234,658 as of December 31, 2022, of which an amount of JD 3,041,242 is related to the refining and gas activity and an amount of JD 1,193,416 is related to the Jordan Petroleum Products Marketing Company (JD 1,599,062 as on December 31, 2021). Noting that some of the cases are filled against the government and the company together from previous years, and the obligations that could ensue on the Company from the outstanding lawsuits were estimated and the required provision for the outstanding lawsuit has been recorded within payables and other credit balances item, and in the opinion of the company's management and the legal advisor, the provisions taken are sufficient to meet any future obligations.

c. According to 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 the Jordan Petroleum Refinery Company and the government (except for the Jordan Petroleum Products Marketing Company and the Oil Factory) for the balances as of September 30, 2017, and the following was agreed upon:

1- The main account of the Ministry of Finance balance confirmation in the amount of JD 195,194,153 and the general sales tax deposits account balance in the amount of JD 97,388,860 and the special sales tax deposits account balance in the amount of JD 937,034 as of September 30, 2017 as a right of the Jordan Petroleum Refinery Company for refining and gas activities , moreover The Ministry of Finance committed in each of the debt balances of the Armed Forces, the Royal Air Force, the Public Security Directorate, the General Directorate of the Gendarmerie Forces, other security agencies and government departments within the budget, and the debt of the National Electricity Company the belongs to refining and gas activities in the amount of JD 319,468,856 as of September 30, 2017, and the two parties agreed that it would not be any provision for the indebtedness of Royal Jordanian, municipalities, government universities, and the independent government institutions financially or administratively during the relationship period, provided that in the event that these amounts are not collected through the judiciary and the company has to execute any of them, the Ministry of Finance undertakes to pay these receivables and the all costs involved.

2- Confirm the pricing surplus deposits differences amount of JD 43,488,857, and deposits for constructing alternative tanks of JD 93,500,103 as well as, , stamps and fees according to (IPP) amount of JD 9,051,757 as of September 30, 2017 as a right for the Government.

3- There was no agreement between the two parties on the value of the strategic storage deposits, as the government demands the evaluation amount in 2008, which amounted to JD 156,787,303, while the Jordan Petroleum Refinery Company objects to this value, as the quantities of the stock are deposits with the company and will be refunded in the event the relationship with the government ends as quantities.

4- The two parties have not reached an agreement as to which party will keep a JD 10 million balance of writing off and repairing cylinders provision.

5- It was agreed between the two parties that the balance of the provision for lawsuits and other obligations, amounting to JD 6.3 million as of September 30, 2017, is a right to Jordan Petroleum Refinery Company, and for any lawsuit the company wins the amount of the lawsuit will be transferred to the favor of the government , and in return that any judicial expenses are realized on the company during its relationship with the government is borne by the ministry, with exception of the recorded provision.

6- It was agreed between the two parties that the balance of the various provisions amounting to JD 234 thousand, as of September 30, 2017 is a right to Jordan Petroleum Refinery Company.

7- It was agreed between the two parties that the income tax provision balance as of September 30, 2017 is a right to the government and is reported to the Income and Sales Tax Department at the due date in accordance with the Income and Sales Tax Law.

8- It was agreed between the two parties that the labor provisions balance (Provision for work injuries compensation; 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 record the provision for doubtful debts balance (the provision for expected credit losses) of JD 10.5 million as of September 30, 2017.

10- It was agreed between the two parties that the balance of the legal compensation provision amounting to JD 6.27 million as of September 30, 2017 is a right to the government, noting that the full amount was paid before the end of 2017.

11- It was agreed between the two parties that the balance of the provision for delay payment fines, which amounted to JD 2.74 million as of September 30, 2017, is the government's right, noting that the full amount was paid before the end of 2017.

12- It was not agreed between the two parties as to which party will record the balance of the provision for slow-moving, obsolete and sediments inventory, amounting to JD 19.9 million as of September 30, 2017.

d. According to the Council of Minister's Resolution No. (7633) adopted in its meeting held on April 30, 2018, the financial relationship between the company and the government was terminated, and the company began operating on a commercial basis as of May 1, 2018 (Note 3).

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

According to the Board of Directors' decision to merge the death, disability, 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, the employee shall receive, at the end of his service, 150% of their monthly gross salary based on the last salary received. However, this amount may not exceed JD 2,000 for every work year for those whose gross monthly salaries do not exceed JD 2,000. If the monthly gross salary exceeds JD 2,000, the employee shall be paid a one-month gross salary for every work year as an end-of-service compensation according to the last salary paid. The Board of Directors shall determine the amount of the provision every year, in proportion to the amount of this liability, to enable the Company to set up the full provision within five years according to Appendix No. (5) of the above-mentioned New Fund Law. Moreover, there is no shortage in the required provision balance as of December 31, 2022.

32. Related party transaction and Balances

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

	December 31,	
	2022	2021
Balances:	JD	JD
Ministry of Finance - the relationship (Note 9/e)	328,281,832	200,097,159
Ministry of Finance - derivatives pricing difference deposits and surpluses (note 18/a)	(1,217,882)	(5,312,638)

	2022	2021
Transactions	JD	JD
Subsidy for crude oil derivatives charged on the Ministry of Finance (Note 24)	371,645,246	107,852,106
Ministry of Finance – surplus from differences of pricing oil derivatives (Note 24)	(1,324,510)	(776,417)

- Executive management and members of the Board of Directors' salaries and remunerations amounted to JD 1,615,373 for the year 2022 (JD 1,333,020 for the year 2021).

33. Ministry of Finance – Deposits of Strategic Inventory

Pursuant to the Council Ministers' 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 in terms of quantity and value, to the Jordan Oil Terminals Company (JOTC). Additionally, Jordan Petroleum Refinery Company started transferring the strategic inventory to JOTC as of April 2018, and the Company fully transferred the remaining quantities to the Jordan Oil Terminals Company (JOTC) during 2021 according to the quantities requested by the Jordan Oil Terminals Company (JOTC) and the Ministry of Energy and Mineral Resources as per JOTC's storage capacity. During July 2020, the company transferred the government's jet fuel to the Air Force and transferred the government's asphalt to the Ministry of public Works during the year 2020 at the request of the Ministry of Energy and Mineral Resources. During February 2021, the company exported the fuel oil %3.5 owned by the government at the request of the Ministry of Energy and Mineral Resources. The company also received a letter from the Ministry of Finance and the Ministry of Energy and Mineral Resources that includes the government's sale of crude oil owned by the government to the company as of the beginning of March 2021 on the basis of crude oil prices issued by Aramco for March 2021, and the company purchased these quantities during March 2021, in implementation of Council of Ministers decision No. (1150) taken in its session held on February 3, 2021. In addition, the remaining amount of the strategic inventory of kerosene owned by the government was exchanged by diesel, according to the Council of Minister's Decision No. (3273) taken in its meeting held on August 11, 2021. Accordingly, the government has no quantities of the strategic inventory as deposits with the company where all quantities have been transferred by the end of the year 2021, bearing in mind that the approval of the Ministry of Finance was received to finally settle the value and quantity of the inventory in accordance with the letter of the Ministry of Finance No. (4/18/28669) dated August 29, 2019.

34. 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, and the risks include managing capital risk, liquidity risk, credit risk and market risk (currency and interest rates).

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, noting that no change in the Company's overall policy has occurred since the prior year.

The Group's management reviews the capital structure on a annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The table below shows the ratio of net debt to equity:

	December 31,	
	2022	2021
	JD	JD
Total Debt	1,172,498,160	980,837,090
Total Equity	337,690,899	262,628,311
Debt to Equity Ratio	347%	373%

- The increase in the rate is the result of the company financing the government's debt due in favor of the company (the financial relationship between the company and the government) through borrowing from banks, knowing that the government has committed to paying the balance of its financial relationship with the company according to the council of ministers decision No. (7633) taken in Its session held on the 30th of April 2018 and according to the letter from the Ministry of Finance addressed to the company No. (12/1/16/2854) dated January 30, 2021, and the government is the one who bears the bank interest resulting from the company's borrowing from banks for loans related to financing its debts that are due and unpaid in favor of The company, according to the council of ministers decision No. (7633) taken in its session held on 30 April 2018.

b. Liquidity Risk

Liquidity risk, also known as financing 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.

The following table detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay:

December 31, 2022	**1 month - 3 months**	**3 months - 12 months**	**1 year - 5 Years**	**More than > 5 years**	**Total**
	JD	**JD**	**JD**	**JD**	**JD**
Due to banks*	-	696,356,404	-	-	696,356,404
Payables and other credit balances	231,311,323	141,677,441	-	-	372,988,764
Income tax provision	-	22,251,354	-	-	22,251,354
Lease Liability	-	2,238,082	39,406,199	-	41,644,281
Due to death, compensation, and end-of-service indemnity fund	-	-	-	39,217,555	39,217,555
End-of-service indemnity provision	-	-	-	39,802	39,802

December 31, 2021	**1 month- 3 months**	**3 months- 12 months**	**1 year- 5 Years**	**More than > 5 years**	**Total**
	JD	**JD**	**JD**	**JD**	**JD**
Due to banks*	-	550,829,986	-	-	550,829,986
Payables and other credit balances	222,619,941	112,896,580	-	-	335,516,521
Income tax provision	-	6,414,333	-	-	6,414,333
Lease Liability	-	4,969,591	43,840,855	-	48,810,446
Due to death, compensation, and end-of-service indemnity fund	-	-	-	39,227,945	39,227,945
End-of-service indemnity provision	-	-	-	37,859	37,859

* Noting that most of the due to banks are bank facilities (current accounts) and revolving loans that renew automatically after being paid.

c. Credit Risk

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

The Company’s financial assets consisting mainly of receivables and other debit balances, financial assets at fair value through the consolidated comprehensive income statement and cash and it does not represent important concentrations of credit risk where the debtors are widely spread among the clients’ categories and their geographic areas and most of them are from government and security agencies in addition to a strict credit control that is maintained over the credit limits granted to each customer separately and on a continuous basis, and an expected credit losses provision is taken for it, in addition to this, there are real estate guarantees provided by the partners in the subsidiaries with guarantees to transfer the profits resulting from the operations of the subsidiaries to the company and that most of the sales operations and the credit policy focus on cash sales or in exchange for bank checks with the guarantee of non-return guarantees for these checks.

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

- The risk of investing in shares is related to the change in the value of the financial instrument as a result of changes in the closing prices of those shares.

- The change in the percentage of the financial market index for traded financial assets as of the date of the consolidated financial statements by 5% increase and/or 5% decrease, and the following is the impact of the change on the company’s equity:

	2022	2021
	JD	JD
5% Increase	190,762	131,503
5% (Decrease)	(190,762)	(131,503)

d. Market Risk

Market risk is the loss in value resulting from the change in market prices such as interest rate, foreign exchange rates, and equity instruments prices, and consequently, the change in the fair value of the financial instruments cash flows inside and outside 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:

	2022	2021
	JD	JD
Assets - US Dollar	2,118,543	999,536
Liabilities - US Dollar	799,908,478	605,703,773

Currency risk is related to the changes in the exchange rates of currencies that apply to payments in foreign currencies, and that the Jordanian Dinar (the main currency of the company) is linked to the US dollar, therefore the company's management believes that the risk of foreign currencies is immaterial.

2. Interest Rates Risk

Interest rates 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 creditor banks as of the consolidated financial statements date, the analysis was also 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, which represent the evaluation of the Company's management of the potential and acceptable change at market interest rates, and it is as follows:

	2022	2021
	JD	JD
0/5% Increase	3,481,782	2,754,150
0/5% (Decrease)	(3,481,782)	(2,754,150)

35. Distribution of assets liabilities and operations results by sector

The information regarding the disclosed sectors of the Company is explained below in accordance with IFRS 8 where IFRS 8 requires the identification of reportable sectors on the basis of internal reports that are regularly reviewed by the main operating decision maker in the Company and are used to allocate Resources for sectors and assess their performance. The company's main activity is to engage in activities related to crude oil, oil derivatives, gas and lube-oil. The majority of the company's revenues, profits and assets relate to its operations within the Hashemite Kingdom of Jordan, and sales between segments are restricted to selling prices in normal conditions.

- The company is organized for management purposes through four main business sectors, which are as follows:

a) **Refining**: This sector imports, separates and transforms the components of imported crude oil into a group of different oil derivatives. and relies in most of its operations on a license from the American UOP company.

The company also imports oil derivatives and liquefied gas to meet the increasing demand for production.

b) **Distribution**: Distribution constitutes the link between the production and refining activities within the company and imports from abroad on the one hand, and between all customers in the different regions of the Kingdom on the other hand, as it is responsible for meeting all customers' requests for the company's products of oil derivatives and gas and lube-oil.

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

d) **Manufacturing and Filling of Liquefied Gas**: This sector includes the production, importation and filling of liquefied gas, manufacture, repair and maintenance of gas cylinders, as it is filled in three gas filling stations belonging to the company.

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

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

	December 31, 2022					
	Refining activity and gas cylinders filling	Lube Oil Factory*	Jordan Lube Oil Manufacturing Company*	Jordan Petroleum Products Marketing Company	Other	Total
	JD	JD	JD	JD	JD	JD
Profit for the year before tax	87,013,168	3,073,392	6,444,609	36,433,495	79,002	133,043,666
Total sector's assets	1,120,988,247	6,025,379	15,810,221	362,405,517	4,959,695	1,510,189,059
Total sector's liabilities	917,686,621	2,951,987	4,098,074	247,539,749	221,729	1,172,498,160

* The Jordan lube-Oil Manufacturing Company started its commercial activities as of the first of April 2022, and the entire activity of lube-oil and the lube-oil factory was annexed to it.

	December 31, 2021				
	Refining activity and gas cylinders filling	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Other	Total
	JD	JD	JD	JD	JD
Profit for the year before tax	24,985,243	8,603,478	30,772,965	118,908	64,480,594
Total sector's assets	841,446,567	31,634,086	363,925,962	6,458,786	1,243,465,401
Total sector's liabilities	698,491,477	23,589,356	258,433,439	322,818	980,837,090

- The following are the Company's business results analysis according to activity type (before consolidating the business results):

		For the year Ended December 31, 2022					
	Note	Refining activity & and gas cylinders filling	Lube Oil factory*	Jordan Lube Oil Manufacturing Company *	Jordan Petroleum Products Marketing Company	other	Total
		JD	JD	JD	JD	JD	JD
Net Sales	23	1,293,026,504	7,202,735	20,497,998	1,192,500,155	-	2,513,227,392
Less: Cost of sales	24	(1,165,947,840)	(4,095,606)	(12,089,051)	(1,106,464,114)		(2,288,596,611)
Gross profit from sales		127,078,664	3,107,129	8,408,947	86,036,041	-	224,630,781
Add: Operating income and other		10,233,016	4,223	4,277	3,233,042	-	13,474,558
Gross profit		137,311,680	3,111,352	8,413,224	89,269,083	-	238,105,339
Less: Selling and distribution expenses		(30,373,512)	(379,450)	(1,401,034)	(30,195,398)	-	(62,349,394)
General and administrative expenses		(8,398,387)	(92,086)	(417,162)	(4,419,145)	-	(13,326,780)
Bank interest and commissions		(21,471,018)	-	(96,555)	(3,135,389)	79,002	(24,623,960)
Lawsuits (provision)	18	(2,327,960)	-	-	(307,636)	-	(2,635,596)
Expected credit losses (provision)	9/J	-	433,576	(53,864)	(1,370,946)	-	(991,234)
slow-moving and obsolete inventory and sediments (provision)	10	(963,888)	-	-	-	-	(963,888)
Storage fees (provision)	18/H	(1,009,920)	-	-	-	-	(1,009,920)
Employees' vacations (provision)	18	(80,164)	-	-	-	-	(80,164)
Interest income resulting from government's delay		14,326,337	-	-	-	-	14,326,337
Lease liabilities interest	16	-	-	-	(2,803,295)	-	(2,803,295)
Special tax differences (provision)	18/K	-	-	-	(7,603,779)	-	(7,603,779)
Amortization of intangible assets	15	-	-	-	(3,000,000)	-	(3,000,000)
Profit for the Year before Income Tax		87,013,168	3,073,392	6,444,609	36,433,495	79,002	133,043,666
Income tax (expense) for the year	19	(18,194,841)	(501,565)	(1,224,476)	(8,041,234)	-	(27,962,116)
Profit for the Year		68,818,327	2,571,827	5,220,133	28,392,261	79,002	105,081,550

* The Jordan lube-Oil Manufacturing Company started its commercial activities as of the first of April 2022, and the entire activity of lube-oil and the Lube-oil factory was annexed to it.

		For the year Ended December 31, 2021				
	Note	Refining activity and gas cylinders filling	Oil factory	Jordan Petroleum Products Marketing Company	Other	Total
		JD	JD	JD	JD	JD
Net Sales	23	971,526,203	23,465,978	845,540,259	-	1,840,532,440
Less: Cost of sales	24	(919,125,330)	(12,805,425)	(777,499,334)	-	(1,709,430,089)
Gross profit from sales		52,400,873	10,660,553	68,040,925	-	131,102,351
Add: Operating income and other		12,856,106	101,120	2,817,031	-	15,774,257
Gross profit		65,256,979	10,761,673	70,857,956	-	146,876,608
Less: Selling and distribution expenses		(29,261,778)	(1,605,259)	(24,871,625)	-	(55,738,662)
General and administrative expenses		(6,867,764)	(349,635)	(3,434,569)	-	(10,651,968)
Bank interest and commissions		(18,971,331)	-	(2,720,477)	118,908	(21,572,900)
Lawsuits (provision)	18	(90,932)	-	(885,780)	-	(976,712)
Expected credit losses (provision)	9/J	-	(203,301)	(2,299,874)	-	(2,503,175)
Released from slow-moving and obsolete inventory and sediments	10	406,590	-	-	-	406,590
Storage fees (provision)	18/H	(943,845)	-	-	-	(943,845)
Employees' vacations (provision)	18	(94,309)	-	-	-	(94,309)
Income from storage of strategic inventory		1,588,918	-	-	-	1,588,918
Interest income resulting from government's delay		13,962,715	-	-	-	13,962,715
Lease liabilities interest	16	-	-	(2,872,666)	-	(2,872,666)
Interest resulting from the acquisition of a subsidiary		-	-	-	-	-
Amortization of intangible assets	15	-	-	(3,000,000)	-	(3,000,000)
Profit for the Year before Income Tax		24,985,243	8,603,478	30,772,965	118,908	64,480,594
Income tax (expense) for the year	19	(4,368,483)	(1,466,784)	(6,401,757)	-	(12,237,024)
Profit for the Year		20,616,760	7,136,694	24,371,208	118,908	52,243,570

36. The Future Plan

With regard to the fourth expansion project of the company, and after the company finished evaluating the technical and financing offers submitted by the participating coalitions to implement the fourth expansion project, the company is currently continuing the negotiation stage with the coalition with the best offer, which is a coalition consisting of an Italian, Chinese and Japanese company (Tecnimont-Sinopec Coalition (GPEC) -Itochu) and proceeding with the negotiation process is contingent on the exemptions from taxes and government fees required by the coalition to sign the contract.

Noting that the company is still following up with the concerned government agencies to obtain exemptions from taxes and government fees required by the coalition in order to be able to conclude on project execution contract .

It should be noted that according to the latest market studies conducted by the American company Wood Mackenzie - which previously prepared the market study - it showed an improvement in the prices of oil derivatives. As a result, it was assigned with updating the pricing forecast in the market study, and accordingly the financial model was updated Which led to a significant improvement in the rate of return on investment (IRR) for the project.

As for the environmental and social matters of the project, the New Paths Company (ECO Consult) was addressed to submit a detailed technical and financial offer to work as an environmental and social consultant for the fourth expansion project during the audit phase (Due Diligence) in cooperation with one of the international companies accredited by the financing agencies (ECA) which is specialized in the fields of BAT (Best Available Technique) in order to reduce greenhouse gases and sequester carbon for refineries, noting that the Ministry of Environment has approved the terms of reference for the study of environmental auditing of The company’s facilities and the environmental and social impact assessment of the fourth expansion project in accordance with the environmental classification and licensing system and its amendments No. 69 for year 2022.

With regard to the appointment of a Lead Arranger to manage the ECAs and follow up on the financing matters of the project, the financial advisor for the project, Standard Chartered Bank - whose contract was extended to the end of April 2023 - provided the company with a list of recommended banks and companies MLA (Mandated Lead Arrangers) in addition to providing the company with the required field of work, the terms of reference will be prepared to attract one of these banks and companies.

The company also obtained at the beginning of March 2022 all the necessary licenses from the Energy and Minerals Regulatory Commission, in order to continue its various activities, where the company obtained a license to practice refining and storage activity, a license to practice different liquefied gas activities, central distribution for liquefied gas, and a license to practice the Lube-Oil activity, in addition to a permit to build the fourth expansion project for the refinery.

The company has also activated the Jordan Lube-Oil Manufacturing company as of April 1 2022, and it has annexed the lube-oil factory and the entire activity of Lube-oil to this company, and the company has waived the licenses granted to it to practice the Lube-Oil activity for this company as of July 27, 2022 after the approval of the Energy and Minerals Regulatory commission on it.

The company has also activated the work of the Jordan Liquefied petroleum Gas Manufacturing and Filling Company as of January 1, 2023, and it has annexed the entire liquefied gas activity (with the exception of the gas production activity) to this company and annexed the three liquefied gas filling stations (Amman, Irbid, Al-Zarqa) and a workshop for the repair and rehabilitation of the gas cylinders for this company as operating facilities, and the company has waived the licenses granted to it to practice various gas activities and the central distribution activity of liquefied natural gas to this company on November 2, 2022 after the approval of the Energy and Minerals Regulatory Commission on it.

In terms of the financial relationship with the government, the company is still communicating with the government to agree on the remaining matters related to the financial relationship between them, and to resolve the remaining obstacles, especially the payment of the amounts owed by the government, after the company concluded during the month of June 2022 with the National Electric Power Company a financial settlement agreement to pay off the debt of The National Electric Power Company and the interest for the delayed payments and the interest for the installments within a year over equal installments starting from July 2022, as negotiations are still ongoing with the government to determine the value of the gas activity commission for the years 2019-2020, which reflects the rate of return on investment of 12% annually and it was also agreed with the Ministry of Finance to pay an amount of JD 105 million during the first quarter of the year 2023.

The Jordan Petroleum Products Marketing Company continues the path of development and expansion by opening and managing new stations. In the last quarter of 2022, the Al-Karak/Al-Qasr station was fully modernized, and the construction of the Royal Guard/Royal Court station, Al-Qatraneh/Ruba Al-Amir station, and Zaid Al-Fawair/Ain Al-Basha station were completed. Beit Eids station and Beno station / Sweileh, and it is expected that these stations will enter into service during the first quarter of the year 2023.

It is planned for the beginning of the year 2023 to open Al-Bayt University station / Mafraq, the Zain Murad al-Zeer station / Ajloun, Al-Sakhr AlZaity station, Aswar Badr station, and the Aqaba warehouses, in addition to continuing to modernize the old stations, including fifteen stations of the Royal Jordanian Air Force.

The implementation of Abdullah Ghosheh Street Station, Jordan Street Station, Al-Shidiyah Station, Al-Sheraa Station / Aqaba, Al-Shishani Station / Sweileh, Al-Hashimiyya warehouses, Al-Hosn Mall, and modernization and reconstruction of the site station will also begin.

In the last quarter of 2022, the company automated the maintenance requests for all stations supplied by the Jordan Petroleum Products Marketing Company.

It is planned and expected during the first quarter of the year 2023 that the company will obtain international quality certificates in managing the quality of services and products, occupational health and safety systems and environmental management systems with the highest internationally approved standards, and to continue to intensify the training of all employees on the latest occupational health and safety management systems and provide them with all necessary equipment And the application of the latest systems in protecting facilities against theft and risks.

And that the television monitoring system will be applied to the tanks of the transport and home distribution fleet through the central control room, in addition to automating the tanks gages and their inventory, and the EFWATEERCOM electronic payment system service will be activated for companies.

The activation of smart applications will be completed to organize technical support for customers at their stations, in addition to the completion of inventory automation and electronic sales systems in all managed and equipped stations, and supplied from Jordan Petroleum Products Marketing Company (a subsidiary).

Jordan Lube-Oil Manufacturing company continues its plan to modernize its production lines to raise production efficiency in the lube oil factory where a new production line has been purchased to fill one-liter bottles and it is expected to complete its installation and to start its operation during the second quarter of the year 2023 and it is planned to purchase new lines for filling five-liter and twenty-five-liter bottles.

The work of installing radar systems for base oil tanks and mixing tanks in the lube-oil factory has also been completed and the project is in trial operation phase. Also currently a study is being conducted on the possibility of benefiting from electrical energy generated from solar energy in the process of heating base oil and additives in the lube-oil factory. Work is currently underway on upgrading the computerized systems to link work procedures between the various activities of the factory to become electronic.

As part of the cost reduction plan for the lube oil activity, work is currently underway to install a system to dissolve the viscosity index improver, and it is expected that its installation and operation will be completed during the first quarter of the year 2023, in addition to the installation of new tanks to expand the import of lube-oil additives in liquid form in flexible tanks with a volume of twenty cubic meters.

Work is also underway to modernize the infrastructure of the lube oil factory and rehabilitate its floor. It is planned to purchase cranes and modern handling equipment for lube-oil, as well as purchase additional freight cars to improve the service of distributing goods to customers.

The plan also includes continuing to modernize the lube-oil laboratory by purchasing new and modern testing devices in order to raise the level of reliability and qualify it to examine used lube-oil to raise the level of after-sales service, and expand the scope of accreditation obtained by the laboratory (ISO 17025) from the accreditation unit of the Standards and Metrology Institution and the international ILAC organization, the plan also includes the production of new types of lube-oil with higher performance levels, such as gasoline engine oil with a performance level (API SP) and diesel engine oil with a performance level (CK4 and CJ4), where additives have been purchased for their production, and their production is expected to start during the second quarter of 2023.

As for export, it is within the plan of the Jordan Lube-Oil Manufacturing company to expand exports to include Sudan and Yemen and to expand exports to Chad to include all regions of Chad in addition to its neighboring regions such as Cameroon and to continue exporting to Palestine and Iraq.

37. 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):

Financial Assets	Fair Value as at December 31, 2022	Fair Value as at December 31, 2021	Fair Value Hierarch	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	**3,815,231**	**2,630,051**	Level 1	Stated prices in financial markets	Not applicable	Not applicable
Total financial assets at fair value	**3,815,231**	**2,630,051**				

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:

Financial assets and liabilities that are not determined at fair value	December 31, 2022 Book Value	December 31, 2022 Fair Value	December 31, 2021 Book Value	December 31, 2021 Fair Value	Fair Value Level
Financial Assets	**JD**	**JD**	**JD**	**JD**	
Receivables	228,007,516	229,147,554	203,728,311	204,746,953	Second Level
Total financial assets that are not determined at fair value	**228,007,516**	**229,147,554**	**203,728,311**	**204,746,953**	
Financial Liabilities					
Bank's Loans	696,356,404	699,838,186	550,829,986	553,584,136	Second Level
Total financial liabilities that are not determined at fair value	**696,356,404**	**699,838,186**	**550,829,986**	**553,584,136**	

- For the items listed above, the fair value of the second level financial assets and liabilities has been determined according to agreed pricing models that reflect the credit risks of the parties with which they are dealt.

38. Subsequent Events:

A. Jordan Liquefied Petroleum Gas Manufacturing and Filling Company has been activated as of January 1, 2023, and all liquefied gas activities (except for the production of liquefied gas) have been annexed the company. The three liquefied gas filling stations (Amman, Irbid, and Al-Zarqa) and a rehabilitation workshop and repairing gas cylinders have been annexed to this company as working facilities.

B. Based on the offsetting request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance, which includes a request for offset procedure between part of the Ministry of Finance account - the relationship in the amount of JD 49,002,240 and the balance of deposits of derivatives pricing differences and surpluses due to the government in the amount of JD 153,383 and fees and allowances according to the derivatives sale price bulletin Petroleum (IPP) in the amount of JD 48,848,857, for the balances as of September 30, 2022, and the Ministry of Finance's letter No. (18/4/2068) dated January 23, 2023, which includes approval to make the mentioned offset, according to the balances of the financial relationship between the company and the government as in September 30, 2022 contained in the company's letter No. (25/51/1/8969) dated November 16, 2022.

C. Proposed Dividends Distribution: the Company's board of directors decided in its meeting held on March 7, 2023 to recommend to general assembly of shareholders to distribute cash dividends of (50%) of the Company's paid-up capital.

D. Reserves : the Company's board of directors decided in its meeting held on March 7, 2023 to recommend to general assembly to allocate an amount of JD 26,608,733 to voluntary reserve and an amount of JD 26,608,733 to the fourth expansion project reserve, and to deduct (10%) from net annual profits of the activities of Jordan Petroleum Products marketing company and Jordan Lube Oil Manufacturing Company to the statutory reserve, and to continue stop to deduct (10%) from the net annual profits for the rest of the Company's activities.