

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE THREE MONTHS
ENDED MARCH 31, 2023
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REVIEW REPORT

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
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Review Report

AM/ 000573

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Jordan Petroleum Refinery Company ("the Company") and its subsidiaries ("the Group") as of March 31, 2023, and the condensed consolidated interim statement of profit or loss for the three months ended March 31, 2023, and the condensed consolidated interim statements of comprehensive income, changes in owners' equity and cash flows for the three months then ended, and a summary for the significant accounting policies and other notifying information. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (34) Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared in all material respects, in accordance with International Accounting Standard (34) Interim Financial Reporting.

Other Matter

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

Amman - Jordan
April 27, 2023


Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)

ديلويت أند توش (الشرق الأوسط)

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JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	March 31, 2023 (Reviewed not Audited)	December 31, 2022 (Audited)
<u>ASSETS</u>		JD	JD
Current Assets:			
Cash on hand and at banks		43,575,766	25,975,106
Receivables and other debit balances	8	681,953,726	694,763,625
Crude oil, finished oil products and supplies	9	503,626,843	525,084,651
Total Current Assets		1,229,156,335	1,245,823,382
Non-Current Assets:			
Financial assets at fair value through other comprehensive income		3,756,224	3,815,231
Deferred tax assets		11,622,798	11,259,849
Investment property - net		2,701,886	2,713,024
Property, plant, equipment and projects under construction - net		191,704,133	188,416,153
Intangible assets - net		13,536,715	14,286,282
Right of use of assets - net		40,741,731	43,875,138
Total Non-Current Assets		264,063,487	264,365,677
TOTAL ASSETS		1,493,219,822	1,510,189,059
<u>LIABILITIES</u>			
Current Liabilities:			
Due to banks	10	717,496,108	696,356,404
Payables and other credit balances	11	299,585,236	372,988,764
Income tax provision	12/a	27,411,421	22,251,354
Lease liabilities - current portion		2,326,463	2,238,082
Total Current Liabilities		1,046,819,228	1,093,834,604
Non-Current Liabilities:			
Due to death, compensation and end-of-service indemnity fund	13	40,820,776	39,217,555
End-of-service indemnity provision		40,933	39,802
Lease liabilities - non-current portion		39,111,473	39,406,199
Total Non-Current Liabilities		79,973,182	78,663,556
TOTAL LIABILITIES		1,126,792,410	1,172,498,160
<u>OWNERS' EQUITY</u>			
Shareholders' equity:			
Authorized and paid-up capital (100,000,000 share at JD 1 per share)	1	100,000,000	100,000,000
Statutory reserve		52,221,595	52,221,595
Voluntary reserve		39,680,675	39,680,675
Fourth expansion project reserve		13,488,959	14,084,234
Financial assets at fair value reserve - net		3,376,500	3,435,507
Difference resulted from purchase of non-controlling interest		68,528	(326,472)
Retained earnings		120,661,826	120,066,551
Profit for the period		28,616,120	-
Total Equity Attributable to Owners of the Company		358,114,203	329,162,090
Non - controlling interests		8,313,209	8,528,809
Total Owners' Equity		366,427,412	337,690,899
TOTAL LIABILITIES AND OWNERS' EQUITY		1,493,219,822	1,510,189,059

Contra Accounts

Death, compensation and end-of-service indemnity fund	13	49,313,762	47,857,943
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Chairman of the Board of Directors

Chief Executive Officer

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

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

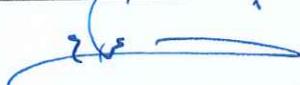
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended March 31,	
		2023 (Reviewed)	2022 (Reviewed)
		JD	JD
Net Sales	14	457,142,428	423,438,101
<u>Less:</u> Cost of sales	15	(410,174,765)	(358,780,974)
Gross profit from sales		46,967,663	64,657,127
<u>Add:</u> Operating income and others		3,737,038	2,010,680
Gross profit		50,704,701	66,667,807
<u>Less:</u> Selling and distribution expenses		(5,799,409)	(13,847,758)
General and administrative expenses		(2,865,043)	(2,956,455)
Bank interests and commissions		(9,356,297)	(4,392,127)
Released from lawsuits provision	11	41,242	821,370
(Provision) of expected credit losses	8/J	(165,963)	(54,404)
(Provision) of slow-moving, obsolete and sediment inventory	9	(527,713)	(62,529)
(Provision) of storage fees	11/h	(252,480)	(252,480)
(Provision) of employees' vacations	11	(38,024)	(104,602)
Interest income from government's delay		6,185,575	2,794,243
Lease liabilities interests		(657,588)	(742,208)
Intangible assets amortization		(750,000)	(750,000)
(Provision) of special tax differences	11/K	-	(3,229,129)
Profit for the Period before Income Tax		36,519,001	43,891,728
Income tax (expense) for the period	12/B	(7,723,481)	(8,622,245)
Profit for the Period		<u>28,795,520</u>	<u>35,269,483</u>
<u>Attributable to :</u>			
owners of the Company		28,616,120	35,129,112
Non-controlling interests		179,400	140,371
		<u>28,795,520</u>	<u>35,269,483</u>
Profit per share for the period attributable to the Company's shareholders - Basic & Diluted	16	<u>-/29</u>	<u>-/35</u>

Chairman of the Board of Directors



Chief Executive Officer



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JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	<u>For the three Months Ended March 31,</u>	
	<u>2023 (Reviewed)</u>	<u>2022 (Reviewed)</u>
	<u>JD</u>	<u>JD</u>
Profit for the period	28,795,520	35,269,483
Items that can not be reclassified subsequently to the condensed consolidated interim statement of profit or loss:		
Change in financial assets valuation reserve - net	<u>(59,007)</u>	<u>311,985</u>
Total Comprehensive Income for the Period	<u>28,736,513</u>	<u>35,581,468</u>
Total Condensed Consolidated Interim Comprehensive Income Attributable to:		
Owners of the Company	28,557,113	35,441,097
Non-controlling interests	<u>179,400</u>	<u>140,371</u>
	<u>28,736,513</u>	<u>35,581,468</u>

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JORDAN PETROLEUM REFINERY COMPANY
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED NOT AUDITTED)

	Paid-up Capital	Statutory Reserve	Voluntary Reserve	Fourth Expansion Project Reserve	Financial Assets at fair value Reserve - Net	Difference Resulting from Purchasing Non- Controlling Interests	Retained Earnings *	Profit for the Period	Total Equity Attribute to the Ownes' of The Company	Non-Controlling Interests	Total Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<u>For the Three Months Ended March 31, 2023 (Reviewed)</u>											
Balance at the beginning of the period	100,000,000	52,221,595	39,680,675	14,084,234	3,435,507	(326,472)	120,066,551	-	329,162,090	8,528,809	337,690,899
Total comprehensive income for the period	-	-	-	-	(59,007)	-	-	28,616,120	28,557,113	179,400	28,736,513
Transfer from fourth expansion reserve to retained earnings	-	-	-	(595,275)	-	-	595,275	-	-	-	-
Change in non - controlling interests	-	-	-	-	-	395,000	-	-	395,000	(395,000)	-
Balance at the End of the Period	<u>100,000,000</u>	<u>52,221,595</u>	<u>39,680,675</u>	<u>13,488,959</u>	<u>3,376,500</u>	<u>68,528</u>	<u>120,661,826</u>	<u>28,616,120</u>	<u>358,114,203</u>	<u>8,313,209</u>	<u>366,427,412</u>
<u>For the Three Months Ended March 31, 2022 (Reviewed)</u>											
Balance at the beginning of the period	100,000,000	48,457,173	26,784,557	4,630,868	2,250,327	(326,472)	72,227,582	-	254,024,035	8,604,276	262,628,311
Total comprehensive income for the period	-	-	-	-	311,985	-	-	35,129,112	35,441,097	140,371	35,581,468
Transfer from fourth expansion reserve to retained earnings	-	-	-	(581,295)	-	-	581,295	-	-	-	-
Change in non - controlling interests	-	-	-	-	-	-	-	-	-	328,826	328,826
Balance at the End of the Period	<u>100,000,000</u>	<u>48,457,173</u>	<u>26,784,557</u>	<u>4,049,573</u>	<u>2,562,312</u>	<u>(326,472)</u>	<u>72,808,877</u>	<u>35,129,112</u>	<u>289,465,132</u>	<u>9,073,473</u>	<u>298,538,605</u>

* Profit for the period and retained earnings includes an amount of JD 11,622,798 as of March 31, 2023, representing the value of deferred tax assets restricted according to the Jordan Securities Commission's instructions (JD 11,259,849 as of December 31, 2022).

- In its ordinary meeting held on April 5, 2023, the General Assembly decided to distribute 50% from paid-up capital equivalent to JD 50 million. Also, they decided to allocate an amount of JD 26,608,733 to the voluntary reserve and allocate an amount of JD 26,608,733 to the fourth expansion project reserve and to deduct 10% to the statutory reserve account from net annual profit of both Jordan Petroleum Products Marketing Company and Jordan Lube Oil Manufacturing Company and continue to stop the deduction of 10% for statutory reserve for the remaining of company's activities and use the accumulated balance of the voluntary reserve for the purposes of the fourth expansion project.

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JORDAN PETROLEUM REFINERY COMPANY
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AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITTED)

	Note	For the Three Months Ended on March 31,	
		2023 (Reviewed)	2022 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit for the period before income tax		36,519,001	43,891,728
Adjustments for:			
Depreciation of property, equipment, and investment property		2,458,454	2,839,144
Amortization of Intangible assets		750,000	750,000
Depreciation of right-of-use assets		809,962	849,552
Interest income from Government's delay		(6,185,575)	(2,794,243)
Provision of slow-moving and obsolete and sediments inventory	9	527,713	62,529
(Released from) lawsuits provision	11	(41,242)	(821,370)
Provision of storage fees	11/h	252,480	252,480
Provision of employee's vacations	11	38,024	104,602
Provision of special tax differences	11/k	-	3,229,129
Provision of expected credit losses	8/j	165,963	54,404
Leased liability interests		657,588	742,208
Net cash flows from operating activities before changes in working capital items		35,952,368	49,160,163
Decrease (Increase) in receivables and other debit balances		18,356,195	(94,462,396)
Decrease in crude oil, finished oil products, and supplies		21,497,853	6,209,231
(Decrease) Increase in payables and other credit balances		(73,403,528)	60,710,216
Increase in death, compensation, and end-of-service indemnity fund		1,603,221	1,744,214
Net Cash Flows from Operating Activities before tax and provisions paid		4,006,109	23,361,428
Income tax paid	12/a	(2,926,363)	(1,212,836)
Paid from provision of storage fees	11/h	(252,480)	(252,480)
Paid from Provision of slow-moving and obsolete and sediments inventory		(40,045)	-
Net Cash Flows (used in) from Operating Activities		787,221	21,896,112
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in property, equipment, and projects under construction and investment property - net		(3,287,980)	(8,280,483)
Net Cash (used in) from Investing Activities		(3,287,980)	(8,280,483)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in due to banks		21,139,704	(6,004,601)
(Paid) from Lease liabilities		(1,038,285)	(1,198,953)
Net Cash Flows (used in) Financing Activities		20,101,419	(7,203,554)
Net Increase in Cash		17,600,660	6,412,075
Cash and cash equivalent at the beginning of the year		25,975,106	21,424,529
Cash and cash equivalent at the End of the Period		43,575,766	27,836,604
<u>Non-cash transactions</u>			
Offsetting agreements	8	61,121,331	-

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JORDAN PETROLEUM REFINERY COMPANY
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AMMAN - JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Incorporation and Activities

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 for refining, segregating, and converting the crude oil components to a set of finished oil derivatives, it also owns Jordan Lube-Oil Manufacturing Company (a subsidiary), in addition to Jordan Liquefied Petroleum Gas Manufacturing and Filling Company (a subsidiary), and Jordan Petroleum Products Marketing Company (a subsidiary), and these companies are wholly owned by Jordan Petroleum Refinery Company, and the interim condensed consolidated financial information covers all operations of the refining units 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 gas cylinders, and it also, imports, fills, and distributes the liquefied gas through Jordan Liquefied Petroleum Gas Manufacturing and Filling Company, and 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 maintenance operations for these stations.

According to the concession termination agreement with the Jordanian Government, dated February 25, 2008, 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 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.

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 year 2017, according to the meeting minutes regarding the future operations of Jordan Petroleum Refinery Company that was agreed in accordance with Council of Ministers' Resolution No. (1329), in their meeting held on September 13, 2012, which was illustrated in the Prime Minister's Letter No. (31/17/5/24694) dated September 17, 2012, and approved by the Company's General Assembly, in their extraordinary meeting held on November 8, 2012, 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 expenditures 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 provided that its standalone financial statements or its own 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 according to the meeting minutes regarding the future operations of Jordan Petroleum Refinery Company, 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 stations 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 stations 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 Ministries and it is still waiting for the commission recommendation by Council of Ministers. The government has not appointed auditors and study companies to determine the fair commission value for the gas activity for the years 2021 and 2022 until now.

3. End of the Financial 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 Jordanian Government ended since 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 of 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 according to the loan payment agreement signed by the company's delegates and the Minister of Finance.

The Council of Ministers issued decision No. (11231) taken in its session held on April 2, 2023, which includes the Jordan Petroleum Refinery Company borrowing an amount of JD 105,000,000, in the equivalent of US dollars, from the banks assigned by the Ministry of Finance in return for the Ministry of Finance issuing undertakings to repay the loans and their interests to these banks. Work is currently under process to prepare contracts with banks.

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 8/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 8/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 immediately due to the large size of the company's warehouses (Note 9).
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 11/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 8/f) / (Note 11/b).
6. The Government shall afford 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 8/f) / (Note 11/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 18).
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 8/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 Ministries and awaiting the recommendation for council of ministers for fair commission value. The government has not appointed auditors and study companies to determine the fair commission value for the gas activity for the years 2021 and 2022 until now.

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 was done 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 M²) 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 M²), located within the southern port tract, to Aqaba Special Economic Zone Authority (ASEZA).
 - In accordance to the Council of Minister's Decision No. (11127) taken in its session held on March 26, 2023, the company has paid and transferred an amount of JD (20.4) million to the Ministry of Finance, which represents the Jordanian government's share in the assets of Jordan Petroleum Refinery Company in Aqaba and the Airports, which represents 51% Of these assets according to the company's concession terminating agreement signed in 2008, noting that the meeting minutes of the company's future operations signed in 2012 between the company and the government included that the company shall sells its share to the government, and the value of the assets was determined at fair value (market) by the consultant appointed by the government (Chann Oil Consulting Company).

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

1. 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.
2. The Company has recorded fees for storing the strategic inventory owned by the government 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, and the period ended March 31, 2023.

3. 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)
4. During the period ended March 31, 2023 Jordan Liquefied Petroleum Gas Manufacturing and Filling Company which was activated as of January 1, 2023, recorded an amount of JD 2,977,761, after transferring all its liquefied gas activities (except for the liquefied gas production activity) as revenue against the commission difference of filling the Liquefied gas 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 of raising the value of the commission before it is approved by the official authorities. Whereas the Government has not amended the oil derivatives price bulletin (IPP) up to date, and the final commission for the years 2019, 2020, 2021 and 2022 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. Basis of Preparation

- The condensed consolidated interim financial information for the Company and its subsidiaries for the three months ended March 31, 2023 has been prepared in accordance with International Accounting Standard (34) (Interim Financial Reporting).
- The condensed consolidated interim financial information is stated in Jordanian Dinar, which is the functional and presentation currency of the Company and its subsidiaries.
- The condensed consolidated interim financial information does not include all information and notes required in the annual consolidated financial statements and should be read with the Company's annual consolidated financial statements for the year ended December 31, 2022. The results for the three months ended March 31, 2023 are not necessarily indicative of the expected results for The financial year ended December 31, 2023.

- The Company owns directly or indirectly the following subsidiaries as of March 31, 2023:

Company's Name	Authorized Capital	Ownership	Location	Establishment Date	Note
	JD	%			
Jordan Petroleum Products Marketing Company	65,000,000	100	Amman	February 12, 2013	Operating
Hydron Energy 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	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-Karak Central Gas Station for Fuel Company	5,000	60	Al Karak	November 26, 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
Al-Kamel Gas Station for Oil and Fuel Company	5,000	60	Amman	February 26, 2017	Operating
Al-Wadi Al-A'biad Gas station for Fuel Company	5,000	60	Amman	August 4, 2015	Operating
Al-Tanmweh Al-A'ola Gas Station for Fuel 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	under renovation Non-Operating
Al-Failaq for Fuel and Oil Company (Paid 50%)	5,000	100	Amman	July 7, 2020	under renovation Non-Operating

* 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 (except gas production activity), gas filling stations and repair and maintenance workshop for gas 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 4,406,428 instead of JD 5,000, according to the General Assembly decision in its extraordinary meeting on September 11, 2022.

- Jordan Petroleum Products Marketing Company (JPPMC) was established on February 12, 2013 with total assets of the Company and its subsidiaries JD 390,457,515 while its total liabilities including its subsidiaries amounted to JD 271,070,137 as of March 31, 2023. The Company's consolidated net profit amounted to JD 4,534,290, which includes non-controlling interest profit of JD 179,400 as of March 31, 2023 noting that the company has started operating gradually since May 1, 2013, and part of Jordan Petroleum Refinery Company's distribution activity assets have been sold to Jordan Petroleum Products Marketing Company (a subsidiary) in net book value and in which the transfer became 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 afford their employment costs, and the task of providing consumers with finished petroleum products has been transferred to JPPMC, except for asphalt, fuel oil, and liquified gas clients, and some of oil clients of the security authorities. All the required legal procedures to conclude the assets ownership transfer to JPPMC 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).
- During the period ended on March 31, 2023, Al-Muneirah Gas Station for Fuel and Oil Company, Al-Tariq Al-Da'ari Gas Station for Fuel Company, Qaws Al-Nasser for Fuel Stations Management Company, Al-Khairat for Fuel Company, Al-Markzeya Gas Station for Fuel Trade Company, and Al Benzol Gas station for Fuel Stations Management Company, were merged with Jordan Petroleum Products Marketing Company (a subsidiary) noting that these companies were subsidiaries of JPPMC.

6. Significant Accounting Policies

The accounting policies adopted in preparing the condensed consolidated interim financial information for March 31, 2023 are consistent with the accounting policies followed in preparing the consolidated financial statements for the year-ended December 31, 2022. However, the revised international financial reporting standards, which became effective for financial periods beginning on or after the first of January 2023, were followed in preparing the Company's condensed consolidated interim financial information, which did not materially affect the amounts and disclosures contained in the condensed consolidated interim financial information for the previous period and years, noting that it may have an impact on the accounting treatment of future transactions and arrangements.

IFRS 17 Insurance Contracts

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. 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. Adjustments are applied retrospectively, unless this is impracticable, in this case a modified retrospective approach or a fair value approach is applied.

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. Adjustments are applied retrospectively.

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, when 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. Adjustments are applied retrospectively.

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. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

Amendments to IAS 12 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.

7. Changes in Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of the condensed consolidated interim financial statements and the adoption of accounting policies require the management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. These estimates and judgments also affect revenues, expenses, and provisions, in general, as well as expected credit losses, and changes in fair value shown in the condensed consolidated interim statement of comprehensive income and in owners' equity. In particular, the Company's management is required to make judgments to estimate the amounts and timing of future cash flows. The above-mentioned estimates are based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Actual results may differ from estimates as a result of changes in these conditions and circumstances in the future.

Management believes that its estimates in the condensed consolidated interim financial information are reasonable and similar to the estimates adopted in preparing the consolidated financial statements for the year 2022.

8. Receivables and Other Debit Balances

This item consists of the following:

	March 31, 2023 (Reviewed) JD	December 31, 2022 (Audited) JD
Ministries, Governmental entities, security authorities and electricity companies – fuel (a)	120,545,825	134,240,544
Fuel clients and others (b)	64,102,790	56,837,560
Alia Company - Royal Jordanian Airlines (c)	6,897,434	4,067,080
Checks under collection (d)	24,459,057	32,862,332
Total receivables	216,005,106	228,007,516
Ministry of Finance – the relationship (e)	328,103,486	328,281,832
General sales tax deposits (f)	133,924,944	132,980,013
Other debit balances (g)	2,605,240	3,371,057
Employees' receivables	2,129,421	1,938,144
Payments, letters of credit deposits and purchase orders – subsidiary company	1,379,860	1,789,186
Prepaid expenses (h)	9,368,024	9,618,631
Contract acquisition expenses – subsidiary company (i)	12,827,483	13,001,121
	706,343,564	718,987,500
<u>Less: Expected credit losses provision (j)</u>	<u>(24,389,838)</u>	<u>(24,223,875)</u>
	<u>681,953,726</u>	<u>694,763,625</u>

- The Company is adopting a policy of dealing with only creditworthy counterparties in order to reduce the risk of financial loss from credit defaults. The following table shows the aging of receivable:

	March 31, 2023 (Reviewed) JD	December 31, 2022 (Audited) JD
1 day – 119 days	124,277,333	75,503,198
120 days – 179 days	12,797,825	54,297,575
180 days – 365 days	37,002,849	59,341,442
More than a year *	41,927,099	38,865,301
Total	216,005,106	228,007,516

- 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 26,154,551. 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 3,604,990 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 the ministries, governmental departments and entities, security agencies, National Electricity Company, and electricity generating companies of JD 79,011,538 for the refining activities, and amount of JD 39,862 for Jordan Liquefied Petroleum Gas Manufacturing and Filling Company which was activated as of the beginning of January 2023 after all the liquefied gas activities have been annexed to it (except for gas production activity), and an amount of JD 32,885,514 for Jordan Petroleum Products Marketing Company, and an amount of JD 8,608,911 for the Jordan Lube Oil Manufacturing Company as of March 31, 2023, noting that Jordan Lube Oil Manufacturing Company started its operation as of April 1, 2022 and the entire activity and oil factory has been annexed to it.
- This item includes the amount of JD 25,693,671 as on March 31, 2023 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 during June, 2022 (JD 48,306,756 as of December 31, 2022).
- 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 on its due date.
- 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.
- Upon on the offsetting request by Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Royal Medical Services debts in an amount of JD 506,967 against part of the Company’s accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during January 2023.
- 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 an amount of JD 2,337,754 against part of the Company’s accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during January 2023.

- Upon on the offsetting request by Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Ministry of Health debts in an amount of JD 3,035,697 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during January 2023.
- 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 an amount of JD 1,426,754 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during January 2023.
- 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 4,811,919 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during March 2023.
- 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 clients and other receivables in an amount of JD 15,663,028 related to the refining activities, and an amount of JD 27,607 related to Jordan Liquefied Petroleum Gas Manufacturing and Filling Company which was activated as of the beginning of January 2023 after all the liquefied gas activities have been annexed to it (except for gas production activity), and an amount of JD 46,142,750 related to Jordan Petroleum Products Marketing Company, and an amount of JD 2,269,405 related to Jordan Lube Oil Manufacturing Company as on March 31, 2023, noting that the Jordan Lube Oil Manufacturing Company was activated 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 Jordan Petroleum Products Marketing Company with an amount of JD 6,878,313, and an amount of JD 19,121 related Jordan Lube Oil Manufacturing Company as of March 31, 2023, noting that Jordan Lube Oil Manufacturing Company was activated 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 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 (Note 11/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 related to the refining activity as of March 31, 2023 extends until April 3, 2023 which amounted to JD 3,084,058 while the maturity of the checks related to Jordan Petroleum Products Marketing Company extends until October 5, 2024 which amounted to JD 19,025,326, and the maturity of the checks related to Jordan Liquefied Petroleum Gas Manufacturing and Filling Company which was activated as of the beginning of January 2023 after all the liquefied gas activities have been annexed to it (except for gas production activity) extends until April 6, 2023 which amounted to JD 428,297, and the maturity of the checks related to Jordan Lube Oil Manufacturing Company extends until July 6, 2023 which amounted to JD 1,921,376 as on March 31, 2023 noting that Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022 and the entire activity and oil factory has been annexed to it.
- e. The Ministry of Finance item (the relationship) as of March 31, 2023 includes an amount of JD 254,266,733 related to the refining activity, and an amount of JD 32,351,093 related to Jordan Petroleum Products Marketing Company, and an amount of JD 41,485,660 related to Jordan Liquefied Petroleum Gas Manufacturing and Filling which was activated as of the beginning of January 2023 after all the liquefied gas activities have been annexed to it (except for gas production activity).
- 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 statements 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 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 deposits differences of oil derivatives pricing and surplus 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 March 31, 2023.
- 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 as of 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 according to 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 Jordan Petroleum Refinery Company on February 21, 2022. The Iraqi oil balances and accounts was also matched for the year ended 2022 according to the signed minutes between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources and Jordan Petroleum Refinery Company on February 27, 2023, noting that the Iraqi oil supply agreement has been extended until 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 mentioned offset was made during January 2023.
- The Ministry of Finance's balances related to Jordan Petroleum Products Marketing Company 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 Council of Ministers issued decision No. (11231) taken in its session held on April 2, 2023, which includes that Jordan Petroleum Refinery Company borrowing an amount of JD 105,000,000, in the equivalent in US dollars, from the banks assigned by the Ministry of Finance in return for the Ministry of Finance issuing undertakings to repay loans and their interests to these banks. Work is currently under process to prepare contracts with banks.
- 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)
<u>Amounts Owed to the Company:</u>	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
<u>Less: Amounts Owed to the Government:</u>	
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)
<u>Amounts Owed to the Company:</u>	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	<u>136,713,423</u>
Total Amounts owed to the Company	<u>463,335,046</u>
 <u>Less: Amounts Owed to the Government:</u>	
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)	<u>48,609,966</u>
Total amounts due to the Government	<u>184,054,512</u>
Balance Owed by the Government to the Company	<u>279,280,534</u>

- 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)
<u>Amounts Owed to the Company:</u>	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	<u>168,191,059</u>
Total Amounts owed to the Company	<u>530,554,413</u>
 <u>Less: Amounts Owed to the Government:</u>	
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)	<u>50,718,837</u>
Total amounts due to the Government	<u>188,386,623</u>
Balance Owed by the Government to the Company	<u>342,167,790</u>

- 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)
<u>Amounts Owed to the Company:</u>	JD
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
<u>Less: Amounts Owed to the Government:</u>	
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 to the Company from the Government	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)
<u>Amounts Owed to the Company:</u>	JD
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
<u>Less: Amounts Owed to the Government:</u>	
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 to the Company from the Government	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:

	<u>September 30, 2022 (Reviewed)</u>
<u>Amounts Owed to the Company:</u>	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	<u>5,271,713</u>
Total Debts of Security Authorities, and Governmental Departments and Institutions	<u>48,456,492</u>
Total Amounts owed to the Company	<u>444,754,336</u>
<u>Less: Amounts Owed to the Government:</u>	
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)	<u>48,848,857</u>
Total amounts due to the Government	<u>49,002,240</u>
Balance Owed by the Government to the Company	<u>395,752,096</u>
National Electricity Company **	<u>71,158,551</u>
Balance owed to the company by the government and the National Electricity Company	<u>466,910,647</u>

- 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)
<u>Amounts Owed to the Company:</u>	<u>JD</u>
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	<u>2,878,891</u>
Total Debts of Security Authorities, and Governmental Departments and Institutions	<u>49,958,958</u>
Total Amounts owed to the Company	<u>479,623,944</u>
<u>Less: Amounts Owed to the Government:</u>	
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)	<u>49,561,345</u>
Total amounts due to the Government	<u>49,740,196</u>
Balance Owed by the Government to the Company	<u>429,883,748</u>
National Electricity Company **	<u>48,255,316</u>
Balance owed to the company by the government and the National Electricity Company	<u>478,139,064</u>

- The balance of the financial relationship between the Company and the Government related to the refining and gas activities as of March 31, 2023 is as follows:

	March 31, 2023 (Reviewed)
<u>Amounts Owed to the Company:</u>	<u>JD</u>
Ministry of Finance primary account (the relationship)	295,752,393
General sales tax deposits	132,436,444
Special sales tax deposits	(3,484,140)
Debts of security authorities, Governmental departments and Institutions: *	
Armed Forces / Directorate of Supply	88,097
Royal Air Force	49,985,316
Directorate of General Security Departments, ministries, and Governmental agencies and Institutions	5,454
	<u>3,367,893</u>
Total Debts of Security Authorities, and Governmental Departments and Institutions	<u>53,446,760</u>
Total Amounts owed to the Company	<u>478,151,457</u>
<u>Less: Amounts Owed to the Government:</u>	
Deposits differences of oil derivatives pricing and surplus	100,492
Deposits for constructing alternative tanks - Ministry of Energy	-
Fees and allowances according to the Oil derivatives pricing bulletin (IPP)	1,344,320
Total amounts due to the Government	<u>1,444,812</u>
Balance Owed by the Government to the Company	<u>476,706,645</u>
National Electricity Company **	<u>25,604,640</u>
Balance owed to the company by the government and the National Electricity Company	<u>502,311,285</u>

- * 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 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, Directorate of General Security, 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 differences of oil derivatives pricing and surplus 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 mentioned offset was made during January 2023.
- f. The general sales tax deposits item includes an amount of JD 128,885,476 related to the refining activity, and an amount of JD 903,610 related to Jordan Petroleum Products Marketing Company, and an amount of JD 3,550,968 related to Jordan Liquefied Petroleum Gas Manufacturing and Filling Company which was activated as of the beginning of January 2023 after all the liquefied gas activities have been annexed to it (except for gas production activity), and an amount of 584,890 related to Jordan Lube Oil Manufacturing Company as of March 31, 2023. Noting that the Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022 and the entire 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 general and special 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 fee) 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 prepaid expenses account related to Company's insurance, rents, marketing, security and protection; and contractors' prepayments for gas stations establishment, including an amount of JD 7,127,912 related to the refining activity, and an amount of JD 1,970,938 related to Jordan Petroleum Products Marketing Company, and an amount of JD 152,218 related to Jordan Liquefied Petroleum Gas Manufacturing and Filling Company which was activated as of the first of January 2023 after all the liquefied gas activities have been annexed to it (except for gas production activity), and an amount of JD 116,956 related to Jordan Lube Oil Manufacturing Company as on March 31, 2023. Noting that the Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022 and the entire activity and oil factory has been 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 losses is as follows:

	<u>March 31, 2023 (Reviewed)</u>	<u>December 31, 2022 (Audited)</u>
	JD	JD
Balance at the beginning of the year	24,223,875	23,205,635
Recorded during the period/year	184,664	1,451,816
(Released) during the period/year	<u>(18,701)</u>	<u>(433,576)</u>
Balance at the End of the Period/Year	<u>24,389,838</u>	<u>24,223,875</u>

- expected credit losses provision includes an amount of JD 7,158,953 related to the refining activity and oil factory receivables before the beginning of April 2022, and an amount of JD 17,177,021 related to Jordan Petroleum Products Marketing Company, and an amount of JD 53,864 related to Jordan Lube Oil Manufacturing Company as on March 31, 2023. Noting that Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022. Noting that the provision was calculated after taking into consideration the receivables guaranteed by Jordanian Government.

9. Crude Oil, Finished Oil Products, and Supplies

This item consists of the following:

	<u>March 31, 2023 (Reviewed)</u>	<u>December 31, 2022 (Audited)</u>
	JD	JD
Finished oil derivatives and lube oil	279,481,297	273,869,349
Crude oil and materials under process	118,822,701	123,503,424
Raw materials, spare parts, and other supplies	54,669,423	55,060,142
Goods in transit	59,273,727	80,840,381
<u>Less:</u> Provision of slow-moving and obsolete and sediments inventory	(8,620,305)	(8,188,645)
	<u>503,626,843</u>	<u>525,084,651</u>

- The movement on the Provision of slow-moving and obsolete and sediments inventory as follows:

	<u>March 31, 2023 (Reviewed)</u>	<u>December 31, 2022 (Audited)</u>
	JD	JD
Balance at the beginning of the year	8,188,645	7,238,287
Recorded during the period/year	527,713	963,888
<u>Less:</u> written-off materials during the period/year	(56,008)	(13,530)
<u>Less:</u> paid during the period/year	(40,045)	-
Balance at the End of the Period/Year	<u>8,620,305</u>	<u>8,188,645</u>

10. Due to Banks

This item consists of current debit accounts and short-term loans granted by several local banks to finance the Company's activities and its subsidiaries, at annual interest and murabaha rates ranging from 4.25% to 7.38%, during the period ended March 31, 2023, in addition to the Company's guarantee as legal personality in this regard this item includes an amount of JD 704,240,040 related to refinery activity, and an amount of JD 13,256,068 related to Jordan Petroleum Products Marketing Company as of March 31, 2023.

11. Payables and Other Credit Balances

This item consists of the following:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Deposits of the differences of oil derivatives pricing and surplus (a)	3,802,458	1,217,882
Special sales tax deposits on oil derivatives (b)	75,993,687	54,395,225
Suppliers and obligations from purchases ,supplies, services and others	124,002,272	168,003,564
Gas cylinders Write-off and maintenance provision (d)	5,000,000	5,000,000
Fees and allowances according to the oil derivatives price bulletin (IPP) (e)	1,344,320	49,561,345
Lawsuits provision (Note 17/b)	4,193,416	4,234,658
Advance payment from customers (f)	8,324,823	8,828,372
Shareholders' deposits	13,205,643	14,066,303
Creditors and other credit balances	19,182,720	28,093,783
Retention deducted from contractors	468,350	462,204
Employees' vacations provision	2,173,768	2,135,744
Subsidiary companies import pricing differences (g)	18,239,460	17,174,463
Storage fees provision (h)	84,162	84,162
Balances retained against acquisition of subsidiary (i)	4,713,143	874,045
Alia company deposits – Royal Jordanian Airlines (j)	11,253,235	11,253,235
Special tax differences provision (k)	7,603,779	7,603,779
	<u>299,585,236</u>	<u>372,988,764</u>

- a. This item includes deposits amounts of the differences of oil derivatives pricing and surplus amounted to JD 100,492, related to the refining activities, and to JD 3,701,966 related to Jordan Petroleum Products Marketing Company as of March 31, 2023.
- 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 from March 2, 2008. These differences are considered as the Government's right according to the Ministry of Energy and Mineral Resources' Letter No. (9/4/1/719), dated February 16, 2009 and the Ministry of Finance's Letter No. (18/4/9952), dated April 29, 2009. Consequently, the Company was obliged, effective from March 2008 to record the results of the 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 and the balance of the deposit differences of oil derivatives pricing and surplus 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.
- Upon the offsetting request of Jordan Petroleum Refinery Company submitted to the Ministry of Finance, which includes offsetting part of the Ministry of Finance (the relationship) account due to the government amounted to JD 49,002,240 and the balance of deposits of the differences of oil derivatives pricing and surplus due to the government in the amount of JD 153,383, and the Fees and allowances according to oil derivatives pricing bulletin (IPP) in the amount to 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, containing the approval of the mentioned offsetting, was received 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, and the mentioned offsetting was made during January 2023.
- The movement on the deposits of oil derivatives pricing differences and surplus is as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the year	1,217,882	5,312,638
Recorded during the period/year	2,737,959	1,324,510
Paid during the period/year	(153,383)	(5,419,266)
Balance at the End of the Period/Year	<u>3,802,458</u>	<u>1,217,882</u>

- b. This item includes an amount of JD 1,012,453 related to the refining activity due to the income and sales tax department from the company, and an amount of JD 72,403,229 related to the Jordan Petroleum Products Marketing Company due to the income and sales tax department from the company, and an amount of JD 2,471,687 related to the Jordan Liquefied Petroleum Gas Manufacturing and Filling Company for Income and Sales Tax Department which was activated as of the beginning of January 2023 after all the liquefied gas activities have been annexed to it (except for gas production activity), and an amount of JD 106,318 related to Jordan Lube Oil Manufacturing Company due to the income and sales tax department from the company as of March 31, 2023. Noting that 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.
- 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 deposit 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 Gas cylinders Write-off and maintenance provision is as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the year	5,000,000	5,000,000
<u>Add: Recorded during the period/year *</u>	1,654,312	4,373,316
<u>Less: Released during the period/year *</u>	(1,654,312)	(4,373,316)
Balance at the End of the Period/Year	<u>5,000,000</u>	<u>5,000,000</u>

- * During the period ended March 31, 2023, a provision of JD 1,654,312 was recorded through Jordan Liquefied Petroleum Gas Manufacturing and Filling Company which was activated as of the beginning of January 2023 after all the liquefied gas activities have been annexed to it (except for gas production activity), against gas cylinders write-off and repair cost, according with oil derivatives selling prices bulletin (IPP) amounting to JD (10) for each ton of gas sold. An amount of JD 1,654,312 has been released during the same period. Moreover, the number of gas cylinders sold during the period ended March 31, 2023 was around 13.2 million cylinders.

- e. This item represents fees, allowances, and the deposits recorded for the Ministry of Finance's included in the oil derivatives selling prices bulletin (IPP) relating to the refining activity only.

- The movement on this item is as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the year	49,561,345	46,680,255
Recorded during the period/year	633,914	2,887,033
<u>Paid during the period/year</u>	(48,850,939)	(5,943)
Balance at the End of the Period/Year	<u>1,344,320</u>	<u>49,561,345</u>

- Upon the offsetting request of Jordan Petroleum Refinery Company submitted to the Ministry of Finance, which includes offsetting part of the Ministry of Finance (the relationship) account due to the government amounted to JD 49,002,240 and the balance of deposits of the differences of oil derivatives pricing and surplus due to the government in the amount of JD 153,383, and the Fees and allowances according to oil derivatives pricing bulletin (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, containing the approval of the mentioned offsetting, was received 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, and the mentioned offsetting was made during January 2023.

- 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 period ended March 31, 2023, 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 is the Ministry of Finance's rights, 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.

- The movement on this item is as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the year	84,162	84,162
Recorded during the period/year	252,480	1,009,920
Paid during the period/year	(252,480)	(1,009,920)
Balance at the End of the Period/Year	<u>84,162</u>	<u>84,162</u>

- i. This item represents the amount retained by Jordan Petroleum Products Marketing Company (a subsidiary) against any future liabilities that may arise on Hydron Energy Company LLC, after it's owned Hydron Company and in accordance with the agreement between both parties, as it includes the amounts that resulted from merging Al-Muneirah Gas Station for Fuel and Oil Company, Al-Tariq Al-Da'ari Gas Station for Fuel Company, Qaws Al-Nasser for Fuel Stations Management Company, Al-Khairat for Fuel Company, Al-Markzeya Gas Station for Fuel Trade Company, and Al Benzol Gas station for Fuel Management Company, were merged with Jordan Petroleum Products Marketing Company (a subsidiary) noting that these companies were subsidiaries of JPPMC.
- 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 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 Prime Ministry 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 Prime Ministry decisions to the Tax Department therefore, the company offered a financial settlement to The Income and Sales Tax Department which contains that the company pay 50% from of the value of the special sales tax differences in exchange for exempting the company from fines represented by a fine of double tax amount, penal fines, and late payment fines. The company is still waiting for the Council of Ministries decision to exempt it from these fines.

12. Provision for Income Tax

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

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Provision for income tax at the beginning of the year	22,251,354	6,414,333
<u>Add: Income tax expense for the period/year</u>	8,086,430	30,938,298
<u>Less: Income tax paid during the period/year</u>	(2,926,363)	(15,101,277)
Provision for Income Tax at the End of the Period/Year	<u>27,411,421</u>	<u>22,251,354</u>

b. The details of the income tax expense for the period ended March 31, 2023 and 2022 are as following:

	For the Three Months Ended March 31,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Income tax for the period	8,086,430	9,279,601
Deferred taxes impact for the period	(362,949)	(657,356)
Income Tax Expense for the Period	<u>7,723,481</u>	<u>8,622,245</u>

- 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 year 2022 and the period ending on March 31, 2023, in accordance with the provisions of the Jordanian income tax law, and this and the management's opinion and the company's tax advisor, the provisions taken in the condensed consolidated interim financial information 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 ended 2022 and the period ended March 31, 2023 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 condensed consolidated interim financial information 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 up to the year 2020 and 2021, and the declared income tax was paid. Moreover, the income tax expense has been calculated for Jordan Petroleum Products Marketing Company's subsidiaries for year 2022 and the period ended March 31, 2023, according to the Jordanian Income Tax Law. In the opinion of the Company's management and tax advisor, the provisions booked in the condensed consolidated interim financial information are sufficient to cover its tax obligations.
- 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. In addition, the tax expense for year 2022 and the period ended March 31, 2023 has been calculated in accordance with Jordanian Income Tax Law. In the opinion of the company's management and tax advisor, the provisions stated in the condensed consolidated interim financial information are sufficient to cover its tax obligations.

- Jordan Liquefied Petroleum Gas Manufacturing and Filling Company (a subsidiary) reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of 2021. In addition, the tax expense for year 2022 and the period ended March 31, 2023 has been calculated in accordance with Jordanian Income Tax Law. In the opinion of the company's management and tax advisor, the provisions stated in the condensed consolidated interim financial information are sufficient to cover its tax obligations.
- The income tax rate is 19% for the refining activity and the Jordan Lube Oil Manufacturing Company plus a national contribution of 1%, and 20% for Jordan Petroleum Products Marketing Company and its subsidiaries, Jordan Liquefied Petroleum Gas Manufacturing and Filling Company, plus a national contribution of 1%.

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

According to the Board of Directors' resolution to merge the death, disability, and indemnity fund with the staff end-of-service indemnity into one fund, namely the (death, 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 light of 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 March 31, 2023.

14. Net Sales

This item consists of the following:

	For the Three Months Ended March 31,	
	2023 (Reviewed) JD	2022 (Reviewed) JD
Refinery activity sales *	273,798,587	173,824,454
Lube-oil factory sales**	-	7,202,736
Jordan Petroleum Products Marketing Company sales	229,115,323	390,160,560
Jordan Lube Oil Manufacturing Company Sales**	6,091,946	-
Jordan Liquefied Petroleum Gas Manufacturing and Filling Company Sales***	88,737,096	-
<u>Less:</u> fees, allowances and taxes according to the oil derivatives prices bulletin (IPP)	<u>(140,600,524)</u>	<u>(147,749,649)</u>
	<u>457,142,428</u>	<u>423,438,101</u>

- Sales of refining activity for period ending on March 31, 2022 (Comparative period) includes sales of gas activity.
- * The total sales of the Jordan Petroleum Refinery Company to the Jordan Petroleum Products Marketing Company (a subsidiary) of finished oil derivatives amounted to JD 191,386,988 and the total sales of Jordan Liquefied Petroleum Gas Manufacturing and Filling Company (a subsidiary) from the liquefied gas material amounted to JD 19,797,543 during the period ending on March 31, 2023.
- ** Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022, and the entire activity and oil factory has been annexed to it.
- *** Jordan Liquefied Petroleum Gas Manufacturing and Filling Company has been activated as of the beginning of January 2023, and the entire liquefied gas activities has been annexed to it (except for gas production activity).

15. Cost of Sales

This item consists of the following:

	For the Three Months Ended March 31,	
	2023	2022
	(Reviewed)	(Reviewed)
	JD	JD
Crude oil and materials under process at the beginning of the year	123,503,424	80,349,582
Purchases of crude oil and raw materials used in production	209,128,635	149,196,702
<u>Less:</u> crude oil and materials under process at the end of the period	<u>(118,822,701)</u>	<u>(64,479,981)</u>
Cost of Materials used in Production	213,809,358	165,066,303
Industrial expenses	<u>22,551,135</u>	<u>15,081,342</u>
Total Production Cost	236,360,493	180,147,645
<u>Add:</u> Finished products at the beginning of the year	273,869,349	218,959,468
Purchases of finished products	218,754,350	239,499,660
<u>Less:</u> Finished products at the end of the period	<u>(279,481,297)</u>	<u>(190,471,469)</u>
Subsidy of products charged on the Ministry of Finance account *	(42,066,089)	(89,658,417)
<u>Add:</u> Surplus of oil derivatives pricing difference recorded to the Ministry of Finance account *	<u>2,737,959</u>	<u>304,087</u>
	<u>410,174,765</u>	<u>358,780,974</u>

- The average purchase cost of crude oil barrel amounted to USD 87.03 for the three months ended March 31, 2023 (USD 104.75 for the three months ended March 31, 2022).

* This item represents the difference in selling price to consumer comparing the price specified in oil derivatives price bulletin (IPP), as it resulted in an amount of JD 25,210 as subsidy and an amount of JD 75,024 as a surplus from the sales of the refining activity, and an amount of JD 2,127,053 as a subsidy, and an amount of JD 2,662,935 as a surplus from the sales of the Jordan Petroleum Products Marketing Company (a subsidiary), and an amount of JD 39,913,826 as a subsidy from the sales of Jordan Liquefied Petroleum Gas Manufacturing and Filling Company which has been activated as of the first of January 2023 after all the liquefied gas activities have been annexed to it (except for gas production activity).

16. Profit Earnings per Share for the Period – Basic and Diluted

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

	For the Three Months Ended March 31,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Profit for the period attributable to shareholders (JD)	28,616,120	35,129,112
Weighted-average number of shares (Share)	100,000,000	100,000,000
Profit Earnings per Share for the Period-Basic and Diluted (Fils/Share)	-/29	-/35

17. Contingent Liabilities and Financial Commitments

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

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Letters of credit and bills of collections*	792,851,329	968,586,603
Banks' letters of guarantee	6,128,511	6,556,362
Contracts for projects under construction	18,209,578	15,257,702

- * This item includes letter of credit guarantee (standby L/Cs) in an amount of JD 163 million which is equivalent to USD 230 million in favor of Saudi Aramco Company as of March 31, 2023 (JD 163 million which is equivalent to USD 230 million as of December 31, 2022).
- b. There are lawsuits filed against the company in the courts for claims amounting in total JD 4,193,416 as of March 31, 2023, of which an amount of JD3,060,000 is related to the refining activity and an amount of JD 1,133,416 is related to the Jordan Petroleum Products Marketing Company (JD 4,234,658 as of December 31, 2022). 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, 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, it was agreed as follows:
1. To confirm the balance of the Ministry of Finance's main account of JD 195,194,153, and the balance of the general sales tax deposits of JD 97,388,860, and the balance of special sales tax deposits of JD 937,034 as of September 30, 2017 as a right for Jordan Petroleum Refinery Company for the refining and gas activity. Moreover, the Ministry of Finance has also taken a pledge for all of the debt balances of the Armed Forces, Royal Air Force, Public Security Directorate, the General Directorate of the Gendarmerie, other security forces, and governmental departments, within its budget as well as the debts of the National Electric Power Company for refining and gas activities of JD 319,468,856 as of September 30, 2017. In the meantime, the two parties have agreed that no provision would be recorded for the debts of Royal Jordanian Company, municipalities, governmental universities, and administratively and financially independent governmental institutions during the relationship period, provided that if those amounts are not collected through the judiciary, and the Company is required to write them off, the Ministry of Finance pledges to pay those debts and any related costs.

2. To confirm the deposits balances of price differences and surplus of JD 43,488,857, and deposits for setting up alternative tanks of JD 93,500,103 as well as fees, stamps and allowances according to (IPP) of JD 9,051,757 as of September 30, 2017 as a right for the Government.
 3. The two parties have not reached an agreement on the value of the strategic inventory deposits, as the Government is claiming the amount of valuation in 2008 of JD 156,787,303. Meanwhile, Jordan Petroleum Refinery Company is objecting to this amount since these quantities of inventory are deposits booked by the Company and will be refunded as quantities in case the relationship with the Government is terminated.
 4. The two parties have not reached an agreement as to which party will maintain the gas cylinders replacement, maintenance and repair provision balance of JD 10 million.
 5. The two parties have agreed that the provision for lawsuits and other liabilities balance of JD 6.3 million as of September 30, 2017 is a right to Jordan Petroleum Refinery Company. In this regard, if any amount for a lawsuit was won by the Company, the booked amount will be transferred to the Government. On the other hand, any judicial expense incurred by the Company during the period of its relationship with the Government will be borne by the Ministry of Finance except for the booked provision.
 6. The two parties have agreed that the other provisions balance of JD 234 thousand as of September 30, 2017 is the right of Jordan Petroleum Refinery Company.
 7. The two parties have agreed that the income tax provision as of September 30, 2017 is the right of the Government and shall be transferred to the Income and Sales Tax Department on the due date in accordance with the Income and Sales Tax Law.
 8. The two parties have agreed that the labor provisions 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 maintain the provision for doubtful debts balance (expected credit losses provision) of JD 10.5 million as of September 30, 2017.
 10. The two parties have agreed that the provision for the legal compensation balance of JD 6.27 million as of September 30, 2017 is a right to the Jordanian Government. Meanwhile, the full amount has been paid before the end of 2017.
 11. The two parties have agreed that the penalty and delay in payments provision balance of JD 2.74 million as of September 30, 2017 is a right to the Jordanian Government. Meanwhile, the full amount has been paid before the end of 2017.
 12. The two parties have not reached an agreement as to who will maintain the provision for slow-moving and obsolete and sediments inventory balance of JD 19.9 million as of September 30, 2017.
- d. In accordance with the Council of Ministers' Decision No. (7633), taken in its meeting held on April 30, 2018, the financial relationship between the company and the government has ended and the company has been operating on a commercial basis as of May 1, 2018 (Note 3).

18. Strategic Inventory Deposits – The Ministry of Finance

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 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 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.

19. Ministry of Finance and Related Parties' Balances and Transactions

The balances and movements resulting from transactions with the Ministry of Finance and related parties are as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
<u>Balances:</u>	JD	JD
Ministry of Finance – the relationship (Note 8/e)	328,103,486	328,281,832
Ministry of Finance – deposits of oil derivatives pricing differences and surplus (Note 11/a)	(3,802,458)	(1,217,882)
	<u>For the Three Months Ended March 31,</u>	
	2023 (Reviewed)	2022 (Reviewed)
<u>Transactions:</u>	JD	JD
Ministry of Finance – oil derivatives subsidy charged on the Ministry of Finance (Note 15)	42,066,089	89,658,417
Ministry of Finance – surplus differences for oil derivatives pricing charged to the Ministry of Finance (Note 15)	(2,737,959)	(304,087)

Executive management and members of the Board of Directors' salaries, remuneration, and other benefits amounted total of JD 369,762 for the period ended March 31, 2023 (JD 358,903 for the period ended March 31, 2022).

20. Distribution of Assets, Liabilities and Results by Sector

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

- The Company is organized, for management purposes, into the following four major business sectors:
 - a. Refining: This sector import separates and converts the components of imported crude oil into a set of various finished oil derivatives. This sector depends on licensing from the American UOP Company in the majority of its operations. The company also imports oil derivatives and liquefied gas to meet the excess demand for production.
 - b. Distribution: Distribution links the Company's production and refining activities, on one hand, and all customers in the various areas of the Kingdom, on the other. Moreover, distribution fulfills customers' demands for the Company's Products and imports from finished oil derivatives and gas and lube oil.
 - c. Lube-oil Manufacturing: This sector includes the manufacturing, production, filling, and marketing of various types of oil required in the local and foreign markets.
 - d. Liquefied Gas Manufacturing and Filling: This sector includes producing and importing and filling liquefied gas; and manufacturing, repairing, maintaining, and filling gas cylinders through three of the Company's Gas Stations.
- All of the Company's assets, liabilities, and operations are inside the Hashemite Kingdom of Jordan.
- The following are the Company's activities distributed according to activity type:

	March 31, 2023 (Reviewed)				
	Refining activity	Jordan Petroleum Products Marketing Company	Jordan Lube Oil Manufacturing Company*	Jordan Liquefied Petroleum Gas Manufacturing and Filling Company**	Total
	JD	JD	JD	JD	JD
Total sector's assets	997,907,927	390,457,515	22,828,418	82,025,962	1,493,219,822
Total sector's liabilities	775,039,486	271,070,137	9,515,102	71,167,685	1,126,792,410

	December 31, 2022 (Audited)					
	Refining Activity and filling gas cylinders activity	Lube Oil Factory*	Jordan Petroleum Products Marketing Company	Jordan Lube Oil Manufacturing Company*	Other*	Total
	JD	JD	JD	JD	JD	JD
Total sector's assets	1,120,988,247	6,025,379	362,405,517	15,810,221	4,959,695	1,510,189,059
Total sector's liabilities	917,686,621	2,951,987	247,539,749	4,098,074	221,729	1,172,498,160

* The Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022, and the entire activity and oil factory has been annexed to it.

** Jordan Liquefied Petroleum Gas Manufacturing and Filling Company has been activated as of the first of January 2023 after all the liquefied gas activities have been annexed to it (except for gas production activity).

21. Future Plan

Regarding the fourth expansion project of the company, and after the company finished from 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 who has the best offer, in which a coalition consist of an Italian, Chinese and Japanese company (Tecnimont-Sinopec Coalition (GPEC) -Itochu).

Noting that the company, within the framework of negotiation with the best coalition mentioned above, has updated the Form of Contract through the international legal advisor Freshfields and in coordination with all the company's advisors, to include all the amendments that were agreed upon with the coalition, where work has been done to close all outstanding points With regard to the issue of rely upon information, after presenting it to the technology licensors, UOP and KBR, and the coalition's approval of the licensors' notes, the contract will be updated based on what has been agreed upon.

In addition to the above, the coalition highlighted, through an e-mail message sent to the company on April 14, 2023, related to ECA financing, that the global trend of Export Finance Agencies (ECA) since the beginning of the year 2024 is focused on financing projects that aim to improve environment performance and raising energy efficiency, in compliance with achieving the goals of the COP27 Climate Change Conference, which was held in Egypt during November 2022. The Italian Export Credit Agency informed the Coalition, and accordingly, the Coalition presented a timetable for a set of steps that must be taken (which include, for example, defining a list of financial, legal, and environmental advisors, defining a scope of work for the required financing, and signing agreements to conceal the necessary information...etc) by the company, the coalition, and ECA during the coming months, and starting from June 2023, and at the latest before November 2023, so that the Italian Export Credit Agency can support the financing of the project.

The coalition has also indicated that after implementing the required steps, there will be two paths to proceed on the financing process for the project, which are the path of improving efficiency and the environment or the path of new refineries. The company will have the option to choose the required path, so that in each path certain procedures are taken to move forward in the financing process, and for the purposes of clarifying the meaning of the two aforementioned paths, choosing one of them and discussing what came in the message of the coalition in general, a special video meeting was arranged on April 19, 2023 with the coalition and with specialists in the financing affairs and in the presence of representatives from the senior management of the company and the company's advisors (the project management consultant, the local legal advisor, the international legal advisor Freshfields and the financial advisor (SCB)).

Noting that the company is still negotiating with the government to obtain the rest of the exemptions required for the fourth expansion project, in which it obtained part of it.

At the beginning of March 2022, the company obtained all the necessary licenses from the Energy and Minerals Regulatory Commission to continue carrying out its various activities, as the company obtained a license to practice refining and storage activity, licenses to practice liquefied gas and central distribution activity and a license to practice lube oil activity in addition to a permit to build the fourth expansion project of the Company.

The company has activated the work of the Jordan Lube Oil Manufacturing Company as of the beginning date of April 2022, and it has annexed the oil factory and all the activities of lube oil to this company, and the company has waived the licenses granted to it to practice the activities of lube oil for this company on July 27, 2022, after the approval of Energy and Minerals Regulatory Commission sector on it.

The company has also activated the operation of Jordan Liquefied Petroleum Gas Manufacturing and Filling Company starting from the beginning of January 2023 and all the liquefied gas activities (except for gas production activity) have been annexed to this company the three liquefied gas filling stations (Amman, Irbid, Zarqa) and a repair and rehabilitation workshop for Gas cylinders for this company as operating facilities within the Company , and the company has waived the licenses granted to it to practice several gas activities and central liquified gas distribution to this company on November 2, 2022, after the approval of the Energy and Minerals Regulatory Commission.

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 pending issues, especially the payment of the amounts owed by the government, after the company concluded during the month of June 2022 with the National Electric Company a financial settlement agreement to pay off The National Electric Company and the benefits of delayed payment and the benefits of the installment process, within a year, through equal installments starting from July 2022, and negotiations are still ongoing with the government to determine the value of the gas activity commission, which reflects a rate of return on investment of 12% annually, according to the council of ministers decision No. (7633) taken at its meeting held on April 30, 2018.

Noting that the Council of Ministers issued decision No. (11231) taken in its session held on April 2, 2023, which includes Jordan Petroleum Refinery Company borrowing an amount of JD 105,000,000, in the equivalent in US dollars, from the banks assigned by the Ministry of Finance in return for the Ministry of Finance issuing undertakings to repay loans and their interests to these banks. Work is currently under process to prepare contracts with banks.

Jordan Petroleum Products Marketing Company continues in the path of development and expansion by opening and managing new stations, where the following stations entered service during the first quarter of 2023: Al-Karak station / Al-Qasr station, Al-Qatraneh station / Ruba Al-Amir, Zaid Al-Fawair station / Ain Al-Basha, Beit Iddis station, and Al-Athamna station / Jerash.

And it is planned until the end of year 2023, to open and manage Al al-Bayt University station/Mafraq, Zain Murad Al-Zeer station/Ajloun, Beno station/Sweileh, Al-Sakhr AlZaitiy station, Aswar Badr station, Aqaba warehouses, Site Station and to finalize Al-Hashimiyya warehouses, Abdullah Ghosheh Street Station, Al-Shishani Station, and Al-Sheraa Station, in addition to continuing to renovate the old stations, including fifteen stations for the Royal Jordanian Air Force.

It is planned that the company will obtain international quality certificates in managing the quality of services, products, health and safety systems and environmental management systems with the highest internationally approved standards, and to continue to intensify training all employees on the latest health and safety management systems, providing them with all necessary equipment and applying the latest systems to protect facilities against theft and risks.

Also, the TV monitoring system is applied to the transport fleet tanks and home distribution through the central control room in addition to automating tank counters and their inventory. The electronic payment system service EFAWATEERCOM will also be activated for the companies.

Smart applications will be activated to organize technical support for customers on their stations, in addition to completing inventory automation and electronic sales systems in all managed and supplied stations by the company.

The accounting system, which includes following up on the customer's account, will be applied through an electronic application on their mobile phones, and the incentive system for selling at the stations will be activated through an electronic application on their mobile phones.

Jordan Lube Oil Manufacturing Company is also continuing its plan to develop its production lines to increase production efficiency in the lube oil factory, where a new production line was purchased to fill one-liter bottles, and it is expected that the installation and operation will be completed during the second quarter of 2023, and it is planned to purchase new lines to fill five-liter and twenty-five-liter bottles. The modification and rehabilitation of the 25-liter line was completed in the factory.

The process of installing radar systems for base oil tanks and mixing tanks in the oil factory has also been completed. The project has been received and is being used. Work is also under process to study the possibility of benefiting from the electrical energy generated from solar energy in the process of heating base oil and improvers in the oil factory tanks. Work is currently under process on updating 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 under process to install a system for dissolving the viscosity modulus improver. And it is expected that the process of installing and operating will be completed during the second quarter of year 2023, in addition to installing new tanks to expand the import of lube oil improvers in bulk form within flexible tanks with a volume of twenty cubic meters.

Work is also under process to develop the infrastructure of the lube oil factor and rehabilitate of its floor, and it is planned to purchase a modern cranes and handling equipment for lube oil and to purchase additional freight cars to improve the service of distributing goods to customers.

Rehabilitation of the roof of the hangar of oil factory and the old warehouse has been completed, and the project is still under final stage.

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

Whereas for exporting, it is included within the plan of Jordan lube Oil Manufacturing Company to expand the export to include Sudan and Yemen and to expand the export to Chad to include all regions of Chad in addition to the neighboring regions such as Cameroon and continue to export to Palestine and Iraq.

As for Jordan Liquefied Petroleum Gas Manufacturing and Filling Company, and after it was activated and began to carry out its commercial business as of the beginning of January 2023, work is currently under process to develop and improve the performance of this company and reduce its costs to the minimum possible level, as a project was referred to install a solar energy system in gas stations a tender is currently being studied to establish storage capacities of about 10,000 tons. Work is also under process to install gas cylinder cleaning units with a capacity of 12.5 kg, and to install a television monitoring system for the liquefied gas stations

22. Fair Value Hierarchy

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

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

Financial Assets	Fair Value as at		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs and Fair Value
	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)				
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through other comprehensive income:						
Companies' shares	3,756,224	3,815,231	Level 1	Listed prices in financial markets	Not applicable	Not applicable
Total financial assets at fair value	<u>3,756,224</u>	<u>3,815,231</u>				

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

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

We believe that the book value of the financial assets and financial liabilities shown in the Company's condensed consolidated interm financial information approximates their fair value.

Meanwhile, investment properties and gas stations were evaluated for the subsidiaries upon acquisition.

23. Subsequent Events

- 1- The Council of Ministers decision No. (11231) taken in its session held on April 2, 2023 was issued, which includes Jordan Petroleum Refinery Company borrowing an amount of JD 105 Million, in the equivalent in US dollars, from the banks assigned by the Ministry of Finance in return for the Ministry of Finance issuing undertakings to repay loans and their interests to these banks. Work is currently under process to prepare contracts with banks.
- 2- In implementation of the Council of Minister's decision No. (11127) taken in its session held on March 26, 2023, the Company paid and transferred an amount of JD 20.4 million to the Ministry of Finance, which represents Jordanian government's share in the assets of the Jordan Petroleum Refinery Company based in Aqaba and the Airports, which represents 51% of these assets according to the company's concession termination agreement signed in 2008, noting that the meeting minutes of the company's future operations signed in 2012 between the company and the government ensure that the company sells its share to the government, and the value of the assets was determined at fair (market) value by the consultant appointed by the government (Chann Oil Consulting Limited Company).
- 3- The General Assembly of Shareholders decided, in its meeting held on April 5, 2023, to distribute cash dividends to shareholders at a rate of 50% of the company's paid-up capital, at a value of JD 50 million. It also decided to allocate an amount of JD 26,608,733 to the voluntary reserve account, and allocate an amount of JD 26,608,733 to the reserve account for the fourth expansion project, and to deduct 10% for the statutory reserve account from the annual net profits of both Jordan Petroleum Products Marketing Company and Jordan Lube Oil Manufacturing Company, and to continue to stop the deduction of 10% as a statutory reserve for the rest of the company's activities and to use of the accumulated voluntary reserve balance for the purposes of the fourth expansion project.

24. Approval of the condensed consolidated interim financial information

The accompanying condensed consolidated interim financial information was approved by the Board of Directors and approved for publication on April 27, 2023.