

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE THREE MONTHS
ENDED MARCH 31, 2021
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REVIEW REPORT

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
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TABLE OF CONTENTS

	<u>Page</u>
Review Report	
Condensed Consolidated Interim Statement of Financial Position	2
Condensed Consolidated Interim Statement of Profit or Loss	3
Condensed Consolidated Interim Statement of Comprehensive Income	4
Condensed Consolidated Interim Statement of Changes in Owners' Equity	5
Condensed Consolidated Interim Statement of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Information	7 - 49

Review Report

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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, 2021 and the statements of profit or loss for the three months ended March 31, 2021, and the condensed consolidated interim statements of comprehensive income, changes in owners' equity and cash flows for the three-month period 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 Company". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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.

Emphasis of Matter

We draw attention to note (11/H) of the condensed consolidated interim financial information, which describes that there are negotiations between Jordan Petroleum Products Marketing Company (subsidiary company) and the Ministry of Finance over entitlement rights of oil derivatives import pricing differences from the refinery gate price included in the selling prices bulletin of oil derivatives (IPP) about whether it was the right of the subsidiary company or the Ministry of Finance approximately amounted to JD 9 Million which was classified within the Payables and other credit balances, our conclusion is not modified in respect of this matter.

Other Matters

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

Amman - Jordan
April 29, 2021


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, 2021 (Reviewed not Audited) JD	December 31 2020 (Audited) JD
ASSETS			
Current Assets:			
Cash on hand and at banks		20,440,117	14,034,372
Receivables and other debit balances	8	540,834,914	507,344,997
Crude oil, finished oil products and supplies	9	346,761,914	296,462,005
Total Current Assets		908,036,945	817,841,374
Non-Current Assets:			
Financial assets at fair value through comprehensive income		2,440,624	2,257,261
Deferred tax assets	12	9,406,992	13,189,650
Investment property - net		1,944,061	815,738
Property, lands, Equipment and Projects Under Construction - net		182,365,290	182,832,939
Intangible Assets - net		19,536,715	20,286,282
Right of Use of Assets - net		55,846,937	56,747,493
Total Non-Current Assets		271,540,619	276,129,363
TOTAL ASSETS		1,179,577,564	1,093,970,737
LIABILITIES			
Current Liabilities:			
Due to banks	10	563,988,908	579,875,098
Payables and other credit balances	11	288,154,462	205,747,574
Income tax provision	12	1,591,483	675,314
Lease Liabilities - current portion		5,762,202	4,594,836
Total Current Liabilities		859,497,055	790,892,822
Non-Current Liabilities:			
Due to death, compensation and end-of-service indemnity fund	13	39,048,552	40,471,334
End-of-service indemnity provision		37,859	37,859
Lease liabilities - non-current portion		44,624,151	46,586,310
Total Non-Current Liabilities		83,710,562	87,095,503
TOTAL LIABILITIES		943,207,617	877,988,325
OWNERS' EQUITY			
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		45,834,122	45,834,122
Voluntary reserve		26,784,557	26,784,557
Fourth expansion project reserve		6,656,806	7,609,176
Financial assets at fair value reserve - net		2,060,900	1,877,537
Difference resulted from purchased of non-controlling interest		(86,472)	(86,472)
Retained earnings		25,778,266	24,825,896
Profit for the period		19,801,263	-
Total Shareholders' Equity		226,829,442	206,844,816
Non - controlling interests		9,540,505	9,137,596
Total Owners' Equity		236,369,947	215,982,412
TOTAL LIABILITIES AND OWNERS' EQUITY		1,179,577,564	1,093,970,737

Contra Accounts

Death, compensation and end-of-service indemnity fund	13	46,932,992	49,106,668
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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 on March 31,	
		2021 (Reviewed) JD	2020 (Reviewed and Adjusted) JD
Net Sales	14	278,192,791	360,273,995
<u>Less:</u> Cost of sales	15	(236,625,216)	(384,820,353)
Gross profit (loss) from sales		41,567,575	(24,546,358)
<u>Add:</u> Operating income and other		1,791,639	5,432,108
Gross profit (loss)		43,359,214	(19,114,250)
<u>Less:</u> Selling and distribution expenses		(13,263,111)	(14,469,618)
Administrative and general expenses		(2,793,717)	(3,188,445)
Bank interest and commissions		(5,084,497)	(5,738,885)
(Provision) Released from lawsuits provision	11	(145,000)	27,000
(Provision) of expected credit losses	8/J	(253,542)	(363,913)
Released from slow-moving and obsolete inventory and sediments provision	9	223,290	4,233,008
(Provision) of storage fees	11/I	(91,929)	(1,262,400)
(Provision) of employees' vacations	11	(11,185)	-
Released from work injuries compensation provision		-	3,234,886
Income from storage of strategic inventory		1,119,403	2,637,933
Interest income resulting from government's delay		3,359,144	3,263,035
Lease liabilities interest		(701,523)	(540,107)
Interest resulted from acquisition of subsidiary		-	(88,955)
Intangible assets amortization		(750,000)	(750,000)
Profit (Loss) for the Period before Income Tax		24,966,547	(32,120,711)
(Expense) Surplus of Income tax for the Period	12/B	(4,873,589)	5,226,157
Profit (Loss) for the Period		20,092,958	(26,894,554)
<u>Attributable to :</u>			
Company's shareholders		19,801,263	(26,999,359)
Non-controlling interests		291,695	104,805
		20,092,958	(26,894,554)
Profit (Loss) per share for the period to the Company shareholders - Basic & Diluted	16	-/20	(-/27)

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>2021 (Reviewed)</u>	<u>2020 (Reviewed)</u>
	<u>JD</u>	<u>JD</u>
Profit (loss) for the period	20,092,958	(26,894,554)
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>183,363</u>	<u>(229,406)</u>
Total Comprehensive Income (Loss) for the Period	<u><u>20,276,321</u></u>	<u><u>(27,123,960)</u></u>
Total Consolidated Comprehensive Income (Loss) Attributable to:		
Company's shareholders	19,984,626	(27,228,765)
Non-controlling interests	<u>291,695</u>	<u>104,805</u>
	<u><u>20,276,321</u></u>	<u><u>(27,123,960)</u></u>

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

					Financial Assets	Difference			Total		
	Paid-up	Statutory	Voluntary	Fourth Expansion	Valuation Reserve -	resulting from	Retained	Profit (Loss) for the	Shareholders'	Non-Controlling	Total Owners'
	Capital	Reserve	Reserve	Project Reserve	Net	Purchasing Non-controlling	Earnings	Period *	Equity	Interests	Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<u>For the Three Months Ended March 31, 2021 (Reviewed)</u>											
Balance at the beginning of the period	100,000,000	45,834,122	26,784,557	7,609,176	1,877,537	(86,472)	24,825,896	-	206,844,816	9,137,596	215,982,412
Total comprehensive profit for the period	-	-	-	-	183,363	-	-	19,801,263	19,984,626	291,695	20,276,321
Transfer from fourth expansion reserve to retained earnings	-	-	-	(952,370)	-	-	952,370	-	-	-	-
Change in non - controlling interests	-	-	-	-	-	-	-	-	-	111,214	111,214
Balance at the End of the Period	<u>100,000,000</u>	<u>45,834,122</u>	<u>26,784,557</u>	<u>6,656,806</u>	<u>2,060,900</u>	<u>(86,472)</u>	<u>25,778,266</u>	<u>19,801,263</u>	<u>226,829,442</u>	<u>9,540,505</u>	<u>236,369,947</u>
<u>For the Three Months Ended March 31, 2020 (Reviewed)</u>											
Balance at the beginning of the period	100,000,000	45,834,122	17,261,761	-	1,914,915	(86,472)	73,284,319	-	238,208,645	8,690,469	246,899,114
Total comprehensive (loss) for the period	-	-	-	-	(229,406)	-	-	(26,999,359)	(27,228,765)	104,805	(27,123,960)
Transfer from voluntary reserve to fourth expansion reserve	-	-	(432,884)	432,884	-	-	-	-	-	-	-
Transfer from fourth expansion reserve to retained earnings	-	-	-	(432,884)	-	-	432,884	-	-	-	-
Change in non - controlling interests	-	-	-	-	-	-	-	-	-	(219,854)	(219,854)
Balance at the End of the Period	<u>100,000,000</u>	<u>45,834,122</u>	<u>16,828,877</u>	<u>-</u>	<u>1,685,509</u>	<u>(86,472)</u>	<u>73,717,203</u>	<u>(26,999,359)</u>	<u>210,979,880</u>	<u>8,575,420</u>	<u>219,555,300</u>

* Retained earnings include an amount of JD 9,406,992 as of March 31, 2021, representing the value of deferred tax assets restricted according to the Jordan Securities Commission's instructions (JD 13,189,650 as of December 31, 2020).

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JORDAN PETROLEUM REFINERY COMPANY
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AMMAN - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

		<u>For the Three Months Ended on March 31,</u>	
	<u>Note</u>	<u>2021 (Reviewed)</u>	<u>2020 (Reviewed)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit (loss) for the period before income tax		24,966,547	(32,120,711)
Adjustments for:			
Depreciation of property, equipment, and investment property		2,301,267	3,595,997
Depreciation of right-of-use assets - subsidiary company		801,487	510,892
Intangible assets amortization		750,000	750,000
Provision of employee's vacations	11	11,185	-
Provision of (Released from) lawsuits provision	11	145,000	(27,000)
Leased liability interests		701,523	540,107
(Released from) the work injuries compensation		-	(3,234,886)
(Released from) the provision for slow-moving and obsolete inventory and sediments	9	(223,290)	(4,233,008)
(Released from) provision for storage fees	11/I	91,929	1,262,400
Interest income resulting from government's delay		(3,359,144)	(3,263,035)
Income from storage of strategic inventory		(1,119,403)	(2,637,933)
Expected credit losses	8/j	253,542	363,913
Net Cash Flows from (used in) Operating Activities before Changes in Working Capital Items		25,320,643	(38,493,264)
(Increase) in receivables and other debit balances		(29,356,841)	(27,094,779)
(Increase) decrease in crude oil, finished oil products, and supplies		(50,221,619)	44,181,569
(Decrease) in death, compensation, and end-of-service indemnity fund		(1,422,782)	-
Increase (decrease) in payables and other credit balances		82,250,703	(43,538,477)
Net Cash Flows from (used in) Operating Activities before tax and payment from provisions		26,570,104	(64,944,951)
Income tax paid		(174,762)	(1,551,991)
Paid from Leased liability		(1,141,466)	(866,688)
Net Cash Flows from (used in) Operating Activities		25,253,876	(67,363,630)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in property , equipment, projects under construction, and investment property - Net		(2,961,941)	(3,591,075)
Paid from commitments resulted from acquisition of a subsidiary		-	(9,417,662)
Change in payments for non-controlling interests		-	(115,049)
Increase in death, compensation, and end-of-service indemnity fund		-	1,990,766
Net Cash Flows (used in) Investing Activities		(2,961,941)	(11,133,020)
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) increase in due to banks		(15,886,190)	112,104,153
Net Cash Flows (used in) from Financing Activities		(15,886,190)	112,104,153
Net Increase in Cash		6,405,745	33,607,503
Cash on hand and at banks - beginning of the year		14,034,372	21,856,935
Cash on Hand and at Banks at the End of the Period		20,440,117	55,464,438
<u>Non-cash transactions</u>			
Offsetting agreements	8	6,845,830	-

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JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
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 of JD 4 million, which was subsequently increased in stages, with the latest being on April 28, 2016, where the Company's General Assembly of Shareholders, in their extraordinary meeting, approved the capitalization and distribution of JD 25 million to the shareholders. As a result, the Company's authorized and paid-up capital became JD 100 million.

In addition to the main units of refining, segregating, and converting the imported crude oil components to a set of finished oil derivatives, the Company owns a factory for producing and filling lube-oils, the Jordan Petroleum Products Marketing Company (JPPMC) (a subsidiary), and three liquefied gas-filling stations. Moreover, the process of repairing gas cylinders is conducted in a special workshop to reduce the cost of writing off the cylinders. Meanwhile, the condensed consolidated interim financial information includes the operations of the main refining units, factories, as well as directly and indirectly owned subsidiaries.

In addition to refining, producing, manufacturing, and importing oil derivatives it, the Company transports and distributes these oil derivatives to some consumers who receive these supplies directly from the Company. The Company also produces, mixes, fills, and markets lube-oil products; and it produces, fills, and distributes liquid gas and fixes, maintains, and imports the empty gas cylinders. Moreover, Jordan Petroleum Products Marketing Company (a subsidiary company) imports, distributes, supplies, and sells finished oil derivatives to its stations, other stations, and other parties. It also maintains these stations.

According to the concession termination agreement with the Jordanian Government, dated February 25, 2008, the Company was obliged to segregate some of its activities through establishing new companies which could be wholly or partially owned by the Jordan Petroleum Refinery Company. Accordingly, the Jordan Petroleum Refinery Company established two wholly-owned subsidiary companies during the year 2008, namely: Jordan Liquefied Petroleum Gas Manufacturing and Filling Company, and Jordan Lube Oil Manufacturing Company, in order to separate the activities of producing lube oil and filling gas. However, none of these companies have conducted any commercial activities yet, and the Company is still in the process of completing the segregation procedures. Moreover, during the year 2013, the Company established the Jordan Petroleum Products Marketing Company, which is wholly owned by the Jordan Petroleum Refinery Company.

2. The Concession Agreement

- a. The concession agreement between the Company and the Jordanian Government expired on March 2, 2008. Consequently, the Company signed a settlement agreement with the Jordanian Government on February 25, 2008, concerning the expiry of the concession, which was approved by the Company's General Assembly in its extraordinary meeting dated March 22, 2008. Moreover, no agreement has been reached regarding the eligibility for retaining the balances of the provision for expected credit losses and 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 issued Letter No. 4/18/28669, dated August 29, 2019. The letter stated the ministry's approval that the Company should clear its tanks from sediments and water, that the Government should bear the associated costs, and that the Company should write off the materials, spare parts, and supplies no longer needed and transfer the surplus balance from the provision for slow-moving and obsolete 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. In the event the Company recovers any amount that was recorded within the provision, such amounts will be taken to the account of the Ministry of Finance.

- b. The Company calculated the profit for the period ended April 30, 2018, and for the years 2011 until the end of the year 2017, according to the resolution of the Council of Ministers, in their meeting held on September 13, 2012, which was illustrated in the Prime Minister's Letter No. 31/17/5/24694, dated September 17, 2012, and approved by the Company's General Assembly, in their extraordinary meeting held on November 8, 2012. Which included the following:
1. Through the oil derivatives pricing mechanism, annual net profit of JD 15 million after tax shall be achieved for Jordan Petroleum Refinery Company while keeping the changes in the Company's expenses within the normal rates. Otherwise, the Government should be consulted and coordinated with concerning any deviations therefrom.
 2. The Government has the right to appoint an external auditor (certified public accountant) to audit the Company's records for the purposes stipulated by the Government.
 3. Profit from the marketing company owned by the Jordan Petroleum Refinery Company, and any other profit that arises in the future from the companies owned by it and operating according to the licenses issued by the Ministry of Energy and Mineral Resources or the industry legislator, shall be excluded from the above- mentioned profit, provided that their financial statements or accounts are separated.
 4. The Lube-Oil Factory profit shall be excluded from the profit referred to above, provided that the Lube-Oil Factory is charged with the related fixed and variable costs whether directly or indirectly, as long as the financial statements or accounts are separated.
 5. The liquefied petroleum gas (LPG) activity profit shall be excluded from the profit referred to above, provided that the financial statements or accounts are separated.
 6. The profit granted to Jordan Petroleum Refinery Company of 10 cents/barrel from refining the Iraqi crude oil is also excluded from the above profit, provided that this income is subject to income tax.
 7. The current or future financial statements shall not be charged with any prior years' provisions or expenditures, except for the committed provisions or expenditures (provisions and employees' rights, expected credit losses, written-off gas cylinders provisions , lawsuits raised against the Company provisions, slow-moving provisions, self-insurance provisions, etc.), provided that these provisions and financial statements be audited by the Government.
 8. All the above points apply to the year 2011, until the end of the transitional period of 5 years, starting from the operations commencement date of the marketing companies on September 1, 2012. Moreover, Jordan Petroleum Products Marketing Company started its operations on May 1, 2013. The financial relationship between the Company and Government has been terminated, and 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 profit according to the commercial basis in the Ministry of Finance's account for the period ended April 30, 2018, and for the years from 2011 until the end of the year 2017, under the item of profit settlement with the Government. Moreover, the results of the liquefied gas business activities were not excluded from the profit mentioned in item No.(5) above, despite the fact that the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018, has set the commission for filling gas cylinders for the period from May 1, 2018 to December 31, 2018 at JD 43 per gas ton sold, and the filling liquefied gas rate of return on investment for calculating the commission amount at 12% per annum. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated, when calculating the filling stations' commission amount, in the subsequent period either upward or downward. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector Regulatory Authority with all the information and data related to the gas activity for determining 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, and no decision has been reached by the government regarding the final commission that reflects a 12% investment average rate of return according to the above-mentioned Council of Ministers' Decision No. (7633), and the company is still negotiating with the government to reach an agreement on the final commission value.

3. End of Relationship with the Government

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

1. The Ministry of Finance shall calculate the amounts due to 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. Meanwhile, the Ministry of Finance shall provide the Jordan Petroleum Refinery Company with a letter stating the amounts due to the Refinery as of April 30, 2018 and guaranteeing their payment with interest at the actual cost borne by the Company during the above period at the said rates.

As a result of the Government's failure to comply with the above decision, and based on the agreement between the Company and the Government, the Council of Ministers' Decision No. (6399) was adopted 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 shall pledge 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 Ministry of Finance on June 16, 2020, signed 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' Resolution No. (9158), at its meeting held on March 24, 2020.

Moreover, the Ministry of Finance committed to paying all the bank loans and interest 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. Moreover, the Jordanian government has paid all of the loans and interest due to the assigned banks on their due dates. In the opinion of the Company's management and its legal advisors, the Company does not have any liability regarding the above-mentioned loans and pledges (Note 8/e).

2. Jordan Petroleum Refinery Company shall treat the sediments and water in the tanks, and it shall dispose of those idle materials that are no longer needed. Moreover, the slow-moving materials shall be evaluated 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 at the Government's expense, 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 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 it is in process of treating the remaining part, while 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 (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 taken 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 omit the interest of JD 79.2 million on the National Electricity Company's borrowings, provided that settlement be reached between the National Electricity Company and the Government. Moreover, 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 advance due from the National Electricity Company to the Government at the Ministry of Finance until full payment. In addition, the Ministry of Finance issued its approval to write off 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 omitted 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. In this respect, the refinery gate price does not include general and special taxes. Instead, taxes are included afterwards, collected from the marketing companies, and forwarded to the State Treasury. The Income and Sales Tax Department letter No. (20/4/347) dated February 16, 2021, which included the department's approval of collecting taxes on the sales of the refinery company to the three marketing companies through marketing companies only, and that the refinery company is not obligated to pay taxes on its sales to the marketing companies and is obligated only Pay the tax on its sales to other customers (note 8 / f) / (note 11 / b).
6. The Government shall bear any taxes, government fees, or tax differences during its relationship with the Company, since the Company is guaranteed profit after tax during that period (Note 2/b).
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 the 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 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 General 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 those of the General Customs Department. The offset, dated on July 6, 2020, represents the general and special sales taxes of JD (58,042,756), pertaining to the Jordan Petroleum Refinery Company's imports. In the meantime, the above-mentioned offsetting was performed, and all pending customs statements 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), provided that the value of the inventory is settled later. Additionally, Jordan Petroleum Refinery Company started transferring the strategic inventory to the Jordan Oil Terminals Company (JOTC) during April 2018, and the Company is still transferring the remaining quantities to the Jordan Oil Terminals Company (JOTC) 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, furthermore, the Company received a letter from the Ministry of Finance and the Ministry of Energy and Mineral Resources that includes the sale of crude oil which was 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, noting that the approval of the Ministry of Finance to settle the inventory value and quantity was finalized according to the Ministry of Finance letter No. (4/18/28669) dated August 29, 2019 (note 19).
9. The Ministry of Finance shall retain the doubtful debts provision (expected credit losses provision). If any debt that was raised during the relationship with the Government is written off, the Ministry of Finance shall commit to paying it to the Jordan Petroleum Refinery Company. Under the agreement between the Ministry of Finance and the Company, the Ministry of Finance agreed that the Company shall retain the balance of the provision for doubtful debts (provision for expected credit losses). In case the Company recovers any receivable amount recorded within the provision, the recovered amount shall be recorded in favor of the Ministry of Finance's account, pursuant to the Ministry of Finance's Letter No. (4/18/28669), dated August 29, 2019 (Note 8/j).
10. The rate of return on investment shall be determined for liquid petroleum gas filling stations for the purpose of calculating the commission at (12%). Moreover, the commission amount for the period from May 1, 2018 to December 31, 2018 shall be set at JD 43 per ton. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated when calculating the filling stations' commission amount in the subsequent period 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 Sector Regulatory Authority with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020 which reflect the average of return on investment for this operational line by 12% annually. 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 average of return on investment for this operational line by 12% annually according to the above-mentioned Council of Ministers' Decision No. (7633), the Company is still negotiating with the government to agree on the final commission amount (Note 17).

11. The rental value of the assets transferred from the Company to Jordan Petroleum Products Marketing Company (JPPMC) shall be calculated according to the Land and Survey Department's approved rate of (8%) on the land and buildings valued at JD 4.9 million from these buildings transfer date up to date. Moreover, the Company insists on rejecting the above clause, as the transferred assets are owned by 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 session 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 not asking Jordan Petroleum Refinery Company for a return in exchange for the rent on the transferred assets for Jordan Petroleum Products Marketing Company (subsidiary company).
- In implementation of the Council of Ministers' Decision No. (11110), taken in its meeting held on August 16, 2015, and the decision of the Company's General Assembly, taken in its meeting held on November 8, 2012, the land swap between Aqaba Special Economic Zone Authority (ASEZA) and the Jordan Petroleum Refinery Company took place during September 2019. In the swap, ASEZA 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 ASEZA.

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

1. The Company recorded delay interest on the Ministry of Finance's due and unpaid balances at the effective borrowing rate starting from May 1, 2018, according to the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018.
2. Effective from May 1, 2018, the Company has discontinued the calculation of interest at 0.5% per annum on the debts of Alia Company - Royal Jordanian Airlines, and has applied the effective borrowing rate based on the debt repayment agreement signed between the two parties. In addition, these companies' balances have been matched, and the balance due from Alia Company - Royal Jordanian Airlines and the discount deposits due to this company have been offset under the agreement signed between the two companies on November 26, 2019 (Note 8/c).
3. The Company has recorded fees for storing the Government-owned strategic inventory at an amount of JD 3.5 per cubic meter according to the storage capacity for each material effective May 1, 2018 based on the Ministry of Finance's Letter No. (18/4/33072), dated November 25, 2018.
4. Profit settlement with the Government calculation has been discontinued, and the related balance has been recognized in the consolidated statement of profit or loss up to April 30, 2018, according to the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018. The decision terminated the relationship between the Company and the Jordanian Government, and consequently, the Company resumed its operations on commercial terms from the first of May 2018 (Note 17).

5. The Company recorded an amount of JD 2,684,961 during the period ended March 31, 2021 as revenue against the commission difference of filling the cylinders according to the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018. This decision has set the commission amount for the period from May to December 2018 at JD 43 per ton sold. Accordingly, the Company recorded an amount of JD 18 per ton sold, representing the commission difference included in the (IPP), and pursuant to the aforementioned decision in consistency with the year 2018. Meanwhile, the Government has not amended the oil derivatives price bulletin (IPP) up to date, and the final commission for the years 2019 and 2020 has not been determined yet. which reflect the average of return on investment for this operational line by 12% annually After 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, 2021 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 disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2020. The results for the three months ended March 31, 2021 are not necessarily indicative of the expected results for the financial year ended December 31, 2021.

The Company owns directly and indirectly the following subsidiaries as of March 31, 2021:

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 (Paid 50%)	4,000,000	100	Amman	May 28, 2008	Non-operating
Jordan Lube - Oil Manufacturing Company (Paid 50%)	3,000,000	100	Amman	May 28, 2008	Non-operating
AL-Nuzha and Istiklal Gas Station for Fuel and Oil Company	5,000	60	Amman	January 8, 2014	Operating
Al-Markzeya Gas Station for Fuel Trade Company	10,000	100	Amman	May 28, 2014	Operating
Al-Karak Central Gas Station for Fuel Company	5,000	60	Al Karak	November 26, 2014	Operating
Al-Khairat for Fuel Company	5,000	100	Al Karak	November 11, 2014	Operating
Rawaby Al-Queirah Gas Station for Fuel and Oil Company	5,000	60	Al Aqaba	June 22, 2015	Operating
Al-Aon for Marketing and Distribution Fuel products Company	1,005,000	60	Amman	January 10, 2016	Operating
Jordanian German for Fuel Company	125,000	60	Amman	October 8, 2015	Operating
Qaws Al-Nasser for Fuel Stations Management Company	3,000	100	Irbid	December 29, 2014	Operating
Al-Tariq Al-Da'ari Gas Station for Fuel Company	5,000	60	Amman	June 10, 2015	Operating
Al Kamel Gas Station for Oil and Fuel Company	5,000	60	Amman	February 26, 2017	Operating
Al-Wadi Al-A'biad Gas station for Fuel Company	5,000	60	Amman	August 4, 2015	Operating
Al-Muneirah Gas Station for Fuel and Oil Company	5,000	100	Amman	November 6, 2014	Operating
Al-Tanmweh Al-A'ola Gas Station for Fuel Company	5,000	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 Company (Paid 50%)	5,000	80	Amman	September 20, 2017	Operating
Al Shira' Gas Station for Fuel and Oil Company (Paid 50%)	5,000	95	Al Aqaba	February 19, 2017	Non-operating under renovation
Al Failaq for Fuel and Oil Company (Paid 50%)	5,000	60	Amman	July 7, 2020	Non-operating under renovation

- Jordan Petroleum Products Marketing Company (JPPMC) was established on February 12, 2013 and has total assets of its own and of its subsidiaries of JD 332,260,475, while its total liabilities and those of its subsidiaries amounted to JD 244,164,810 as of March 31, 2021. The Company's consolidated profit amounted to JD 5,562,288, which includes non-controlling interest profit of JD 291,695 for the period ended March 31, 2021. Moreover, the company has started operating gradually since May 1, 2013, and part of Jordan Petroleum Refinery Company's distribution activity assets have been transferred at their net book value to JPPMC in implementation of the concession expiry agreement in 2008. The said transfer was mandatory due to transferring the distribution activity to JPPMC. In addition, some employees of the Jordan Petroleum Refinery Company have been assigned to work for JPPMC, which shall bear their employment costs. In the meantime, the task of providing consumers with oil derivatives has been transferred to JPPMC, except for asphalt, fuel oil, and gas clients, and some oil clients of the security authorities. All the required legal procedures to conclude the assets ownership transfer to JPPMC were completed.
- Jordan Petroleum Products Marketing Company receives a marketing commission of 12 fils per each liter sold and a retail commission of 15 fils per each liter sold until August 31, 2018. The retail commission has been amended to 18 fils per each liter sold as of September 1, 2018. Moreover, Jordan Petroleum Products Marketing Company receives other commissions, representing evaporation loss allowance and transport fees according to the oil derivatives selling price bulletin (IPP).

6. Significant Accounting Policies

The accounting policies adopted in preparing the condensed consolidated interim financial information are consistent with the accounting policies followed in preparing the consolidated financial statements for the year-ended December 31, 2020. However, the revised international financial reporting standards, which became effective for financial periods beginning on or after the first of January 2021, were followed in preparing the Company's condensed consolidated interim financial statements, 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.

Interest Rate Benchmark Reform - Phase 2 amendments

Effective from January 1, 2021, the Group has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require a Company to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition, it provides certain exceptions to hedge accounting requirements.

In relation to exposure to cash flow and fair value hedges and non-derivative financial assets and liabilities linked to Inter Company Offered Rate maturing beyond the year 2021 and it was found that there is no impact of the interest rate reform on the Company's results and it has no effect on the Company.

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 financial statements are reasonable and similar to the estimates adopted in preparing the consolidated financial statements for the year 2020.

8. Receivables and Other Debit Balances

This item consists of the following:

	March 31, 2021 (Reviewed) JD	December 31, 2020 (Audited) JD
Governmental departments and institutions, security authorities and electricity companies – fuel (a)	222,648,977	209,086,739
Fuel clients and others (b)	52,864,705	55,774,270
Alia Company - Royal Jordanian Airlines (c)	8,373,340	8,839,676
Checks under collection (d)	27,250,201	28,231,647
Total receivables	311,137,223	301,932,332
Ministry of Finance – relationship (e)	98,438,117	72,712,083
General sales tax deposits (f)	124,055,162	124,510,001
Other debit balances (g)	4,296,384	3,919,728
Employees' receivables	1,930,809	1,784,658
Advances, letters of credit deposits and purchase orders – subsidiary company	942,866	766,121
Prepaid expenses (h)	11,618,158	17,229,705
Contract acquisition expenses – subsidiary company (i)	10,482,154	6,302,786
	562,900,873	529,157,414
<u>Less:</u> Expected credit loss provision (j)	(22,065,959)	(21,812,417)
	<u>540,834,914</u>	<u>507,344,997</u>

The Company has adopted 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 accounts receivable:

	March 31, 2021 (Reviewed) JD	December 31, 2020 (Audited) JD
1 day – 119 days	84,218,165	81,740,961
120 days – 179 days	17,177,677	14,801,750
180 days – 365 days	26,290,234	43,828,868
More than a year *	183,451,147	161,560,753
Total	<u>311,137,223</u>	<u>301,932,332</u>

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

- * This item includes receivables of JD 162,423,922, whose maturity exceeded one year, due from Governmental agencies and securities or guaranteed by the Government. The Company's management believes that it has the ability to collect these receivables, and there is no need to record any provisions against them. The receivables include amounts due from partners in subsidiaries of JD 6,083,322, which are past due for over one year. The Company's Management believes that there is no need to record any additional provisions against these receivables, as agreements have been signed with these partners for them to repay these receivables against real estate mortgages along with the transfer of profits resulting from the subsidiaries' operations to the Company.
- a. This item includes receivables for fuel withdrawals by the ministries, governmental departments and entities, security agencies, National Electricity Company, and power-generating companies of JD 187,316,475 for the refining and gas activities, JD 8,556,008 for the lube oil factory, and JD 26,776,494 for the Jordan Petroleum Products Marketing Company as of March 31, 2021.
- This item includes amounts due from the National Electric Power Company and power-generating companies against fuel withdrawals of JD 72,197,241 as of March 31, 2021 (JD 72,185,201 as of December 31, 2020).
- The Company was committed to reducing 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 Prime Minister's decision No. (9158) taken in its session held on March 24, 2020.
- Upon the Offsetting Committee approval dated June 7, 2020 for offsetting request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Royal Medical Services debt of JD 2,651,001, the debt of the Civil Defense agency of JD 3,449,364, the debt of the Jordanian Armed Forces – Arab Army of JD 3,768,905, and the debt of the Ministry of Health of JD 1,827,031, against the amount due to the Income and Sales tax Department of JD 11,696,301, the above-mentioned offsets were completed during July 2020.
- Upon the offsetting request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Ministry of Education's debts against the special tax due from the Company, the Ministry of Education's debts of JD 1,638,914 have been offset against part of the special tax due from the Company during September 2020.
- Upon the offsetting request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Armed Forces – Arab Army debts against part of the special tax due from the Company, the Armed Forces – Arab Army's debts of JD 5,574,712 have been offset against part of the special tax due from the Company during January 2021.
- Upon the offsetting request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Royal Medical Services debts against the special tax due from the Company, the Jordanian Royal Medical Services debts of JD 1,271,118 have been offset against part of the special tax due from the Company during March 2021.

- b. This item includes fuel customers and other receivables of JD 6,357,313 related to the refining and gas activities, JD 5,283,195 related to the oil factory, and JD 41,224,197 related to Jordan Petroleum Products Marketing Company as of March 31, 2021.
- c. On March 6, 2016, the Company signed a settlement agreement related to the outstanding debt with Alia Company - Royal Jordanian Airlines, whereby 10% of the debt balance was paid during March 2016. Meanwhile, Alia Company - Royal Jordanian Airlines commits to paying the remaining amount in 60 installments, the first of which is due on March 31, 2016, and the last on February 28, 2021 at the effective borrowing average rate incurred by Jordan Petroleum Refinery Company. Moreover, Alia Company - Royal Jordanian Airlines undertakes to pay all the subsequent invoices on their due date. Accordingly, Jordan Petroleum Refinery Company has not recorded any additional provisions as a result of this settlement. Furthermore, the Ministry of Finance has informed Jordan Petroleum Refinery Company in Letter No. (18/4/15391) dated September 26, 2016, that the provision recorded for Alia Company - Royal Jordanian Airlines should be reversed, since Alia Company - Royal Jordanian Airlines is committed to paying its payments, provided that Alia Company - Royal Jordanian Airlines continues to comply with the settlement according to the agreement signed with the Company on March 2016 and pay its monthly withdrawals on time. Accordingly, Jordan Petroleum Refinery Company has reversed the provision recorded for Alia Company - Royal Jordanian Airlines of about JD 31 million in year 2016.
- In accordance with the Council of Minister's Decision No. (11131), taken in its meeting held on August 16, 2015, a quantity discount was granted to jet fuel consumers on the selling price of Jet fuel approved by the monthly Fuel Pricing Committee according to the consumption segments from August 1, 2015 to December 31, 2016, provided that the said discount is calculated annually. Moreover, the Council of Ministers issued Decision No. (293), adopted in its meeting held on October 23, 2016, which stipulated amendment of the Jet fuel consumption segments for one year as of October 31, 2016. Additionally, in its meeting held on February 26, 2017, the Council of Ministers issued Decision No. (1958), which retroactively approved amendment of the implementation commencement date of the decision amending the discount segments under the Council of Ministers' Decision No. (293), 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 to 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 to 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 as of 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 to the Ministry of Finance's accounts. These amounts shall be taken within the settlement of the financial relationship between Jordan Petroleum Refinery Company and the Government, pursuant to the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018.
- Alia Company – Royal Jordanian Airlines has invited licensed Companies to tender for supplying Royal Jordanian 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.
- Pursuant to the Council of Ministers' Decision No. (2674), adopted in its meeting held on January 9, 2019, the quantity discount granted to Alia Company – Royal Jordanian Airlines was extended to November and December of 2018.
- Pursuant to the Council of Ministers' Decision No. (3874), adopted in its meeting held on March 27, 2019, the quantity discount granted to Alia Company – Royal Jordanian Airlines was extended from January 1, 2019 to December 31, 2019, provided that the discount is settled on the financial relationship between the Government and the Jordan Petroleum Refinery Company.
- Pursuant to the Ministry of Finance's Letter No. (18/4/20267), dated September 27, 2019, which included the request of the Ministry of Finance to charge the discount difference due to Alia Company – Royal Jordanian Airlines, according to the above-mentioned decisions, to the financial relationship between the Government and Jordan Petroleum Refinery Company until the end of the due discount, Jordan Petroleum Refinery Company has recalculated the due discount up to July 31, 2018, but has not calculated the discount after this date, as the direct supply relationship between Jordan Petroleum Refinery Company and Alia Company – Royal Jordanian Airlines ended on October 31, 2018. This resulted in recording an amount of JD 9,645,385 in the balance of the financial relationship between the Company and the Government, accompanied by a decrease in Alia Company – Royal Jordanian Airlines debt settlement agreement of JD 3,858,154, and the recording of an amount of JD 5,787,231, as discount deposits due to Alia Company – Royal Jordanian Airlines within accounts payable and other credit balances.

- Based on the agreement between the Jordan Petroleum Refinery Company and Alia Company - Royal Jordanian Airlines signed on November 26, 2019, and after all the balances between the two Companies have been matched, both parties agreed to offset the accrued outstanding balance due from Alia Company - Royal Jordanian Airlines related to the refining and gas activity against the discount deposits balances and interest deposit balances of Alia Company - Royal Jordanian Airlines. Accordingly, the offsetting took place and resulted in an amount of JD 11,253,235, payable to Alia Company - Royal Jordanian Airlines, which was booked in the Company's records for the refining and gas activity (Note 11/k).
- 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 - Airlines Royal Jordanian, with the aim of not burdening the government with any additional burdens as a result of increasing the balance of the financial relationship between the refinery and the government and the consequent interests of delayed payments.
- This item includes accounts receivable of JD 13,316, related to the oil factory, and JD 8,360,024, related to the Jordan Petroleum Products Marketing Company as of March 31, 2021.
- d. The maturity date of checks under collection for the refining and gas activities extends up to April 5, 2021 and amounted to JD 2,601,051. Meanwhile, the maturity date of checks under collection of the oil factory extends up to July 30, 2021 and amounted to JD 2,195,816. Moreover, the maturity date of checks under collection for Jordan Petroleum Products Marketing Company extends up to November 1, 2021 and amounted to JD 22,453,334.
- e. The Ministry of Finance's receivables (the relationship) includes an amount of JD 91,481,777, related to the refining and gas activity, and an amount of JD 6,956,340 related to Jordan Petroleum Products Marketing Company as of March 31, 2021.
- 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 is still in the negotiation stage regarding the installment period with the National Electricity Company.
- The Company was committed to reducing the debt of Ministry of Finance (relationship) by JD 137,903,814 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 Prime Minister's decision No. (9158) taken in its session held on March 24, 2020.
- Upon the offsetting request of the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, and approved on March 16, 2020 by the Customs Department, and on July 6, 2020, by the Offsetting Committee, part of the Ministry of Finance's debt (the Ministry of Finance relationship account) was offset with the general and special tax on the customs' statements held at the Customs Department for a total amount of JD 58,042,756. The above-mentioned offsetting was completed during July 2020.

- Upon the offsetting request of 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 which includes the balance of the differences in pricing of derivatives and surpluses trusts due to the government in the amount of JD 44,167,683 and the balance of establishing alternative tanks trusts 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 identical to the records of the Income and Sales Tax Department as of March 31, 2021.
- Upon the Prime Minister 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 June 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, and the government is still negotiating with the Iraqi Ministry of Oil regarding signing a new supply agreement.
- The Ministry of Finance's balances related to Jordan Petroleum Products Marketing Company activity were confirmed as of December 31, 2018 through the Ministry of Finance's approval of the Jordan Petroleum Products Marketing Company's Letter No. (111/2/936), dated February 19, 2019.
- The Ministry of Finance's balances for Jordan Petroleum Products Marketing Company activity were confirmed as of December 31, 2019 through the Ministry of Finance's approval of the Jordan Petroleum Products Marketing Company's Letter No. (111/2/1645), dated March 4, 2020.
- The Ministry of Finance's balances for Jordan Petroleum Products Marketing Company activity were confirmed as of December 31, 2020 through the Ministry of Finance's approval of the Jordan Petroleum Products Marketing Company's Letter No. (111/2/1061), dated March 2, 2021.

End of Relationship with the Government

Pursuant to the Council of Minister's Decision No. (7633), adopted in its meeting held on April 30, 2018, the Ministry of Finance was assigned to 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. Meanwhile, the Ministry of Finance shall provide the Jordan Petroleum Refinery Company with a letter stating the amounts due to the Jordan Petroleum Refinery Company as of April 30, 2018 and guaranteeing their payment with interest at the actual cost borne by the Company during the above period at the said rates.

As a result of the Government's failure to comply with the above decision, and based on the agreement between the Company and the Government, the Council of Ministers' Decision No. (6399) was adopted at its meeting held on September 9, 2019. This decision stipulated that the Company shall borrow an amount of equivalent to about 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 shall pledge 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, which were 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 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 Ministry of Finance on June 16, 2020, signed 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 in its meeting held on March 24, 2020.

The Ministry of Finance committed to paying all the bank loans and interest 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. The Jordanian government has paid all of the loans and interest due to the assigned banks on their due dates. In the opinion of the Company's management and its legal advisors, the Company does not have any liability regarding the above-mentioned loans and pledges.

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

	April 30, 2018 (Audited)
<u>Amounts Owed to the Company:</u>	JD
Ministry of Finance primary account (relationship)	220,480,978
General sales tax deposits	101,792,998
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	101,513,938
Royal Air Force	136,424,517
Directorate of General Security	45,627,576
Directorate General of the Gendarmerie	9,553,718
Civil Defense	3,259,795
Departments, ministries, and Governmental agencies and Institutions	3,280,986
National Electricity Company	76,413,291
Total Debts of Security Authorities, Governmental Departments and Institutions, and the National Electricity Company	376,073,821
Total Amounts owed to the Company	698,347,797
<u>Less: Amounts Owed to the Government:</u>	
Price differences deposits for oil derivatives pricing 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. (8At/4/5197)) is as follows:

	December 31, 2018 (Audited)
<u>Amounts Owed to the Company:</u>	JD
Ministry of Finance primary account (relationship)	267,790,407
General sales tax deposits	106,334,261
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	88,823,533
Royal Air Force	168,094,404
Directorate of General Security	45,626,257
Directorate General of the Gendarmerie	8,425,446
Civil Defense	3,269,279
Departments, ministries, and Governmental agencies and Institutions	3,362,267
National Electricity Company	76,378,522
Total Debts of Security Authorities, Governmental Departments and Institutions, and the National Electricity Company	393,979,708
Total Amounts owed to the Company	768,104,376
<u>Less: Amounts Owed to the Government:</u>	
Price differences deposits for oil derivatives pricing surplus	44,022,727
Special sales tax deposits	2,861,098
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees 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>	<u>JD</u>
Ministry of Finance primary account (relationship)	211,997,358
General sales tax deposits	114,624,265
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	1,074,301
Royal Air Force	59,938,960
Directorate of General Security	2,181
Departments, ministries, and Governmental agencies and Institutions	3,550,513
National Electricity Company	<u>72,147,468</u>
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>	
Price differences deposits for oil derivatives pricing surplus	44,134,309
Special sales tax deposits	(2,189,866)
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees 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 (relationship)	194,763,517
General sales tax deposits	122,602,265
Special sales tax deposits	44,997,572
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	1,325,578
Royal Air Force	92,293,727
Directorate of General Security	2,475
Departments, ministries, and Governmental agencies and Institutions	2,421,811
National Electricity Company	72,147,468
Total Debts of Security Authorities, Governmental Departments and Institutions, and the National Electricity Company	168,191,059
Total Amounts owed to the Company	530,554,413
<u>Less: Amounts Owed to the Government:</u>	
Price differences deposits for oil derivatives pricing surplus	44,167,683
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees and allowances according to the oil derivatives pricing bulletin (IPP)	50,718,837
Total amounts due to the Government	188,386,623
Balance Owed by the Government to the Company	342,167,790

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

	December 31, 2020 (Audited)
<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>	
Price differences deposits of oil derivatives pricing surplus	19,104
Deposits for constructing alternative tanks - Ministry of Energy	-
Fees and allowances according to 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 refining and gas activity as of March 31, 2021 is as follows:

	March 31, 2021 (Reviewed)
<u>Amounts Owed to the Company:</u>	JD
Ministry of Finance primary account (relationship)	91,481,777
General sales tax deposits	123,440,008
Special sales tax deposits	21,887,440
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	1,408,279
Royal Air Force	110,743,593
Directorate of General Security	2,025
Departments, ministries, and Governmental agencies and Institutions	3,015,110
National Electricity Company	72,147,468
Total Debts of Security Authorities, Governmental Departments and Institutions, and the National Electricity Company	187,316,475
Total Amounts owed to the Company	424,125,700
<u>Less: Amounts Owed to the Government:</u>	
Price differences deposits for oil derivatives pricing surplus	38,684
Deposits for constructing alternative tanks - Ministry of Energy	-
Fees and allowances according to (IPP)	52,252,547
Total amounts due to the Government	52,291,231
Balance Owed by the Government to the Company	371,834,469

- * According to the minutes of the Company's meetings with the Ministry of Finance and the Jordan Petroleum Refinery Company held on November 8, 9 and 16, 2017, in order to determine the balances of the financial relation between Jordan Petroleum Refinery Company and the Government (excluding Jordan Petroleum Product Marketing Company and the Lube Oil Factory) for the balances as of September 30, 2017, the Ministry of Finance has taken a pledge for all of the debt balances of the Armed Forces, Royal Air Force, Public Security Directorate, the General Directorate of Gendarmerie, other security forces, and governmental departments, within its budget as well as the debts of the National Electric Power Company for 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.
- f. The general sales tax deposits item includes an amount of JD 123,440,008, related to the refining and gas activities, and JD 615,154 related to the Jordan Petroleum Products Marketing Company as of March 31, 2021.
- In accordance with the Council of Ministers' Decision No. (6953), taken in its meeting held on March 19, 2018, approval was obtained on exempting the quantities of gasoline (95) used in the production of gasoline (90) 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 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 for goods and services subject to the General Sales Tax at a percentage or for an amount of (Zero).
- In its meeting held on January 3, 2016, under Decision No. (13363), based on the recommendations of the Economic Development Committee in its session held on December 22, 2015, the Council of Ministers approved exempting the Company from general and special sales tax effective from May 1, 2013 on its imports for quantities sold to the marketing companies only, provided that the general sales tax and special sales tax thereon shall be paid by those companies within the pricing structure of IPP. Moreover, the outstanding customs statements at the Jordan Customs Department were finalized during July 2020.
- The letter of Income and Sales Tax Department No. (20/4/347) dated February 16, 2021 which included the approval of the department to collect taxes on the sales of the Jordan Petroleum Refinery Company to the three marketing companies through marketing companies only, and that the 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.
- Upon the offsetting request of the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, and approved on March 16, 2020 by the Customs Department, and on July 6, 2020, by the Offsetting Committee, part of the Ministry of Finance's debt (the Ministry of Finance relationship account) was offset with the general and special tax on the customs' statements held at the Customs Department for a total amount of JD 58,042,756. The above-mentioned offsetting was completed during July 2020.
- g. This item consists mainly of the current account of the Jordan Petroleum Refinery Company employees' Housing Fund, deposits for the Jordan Customs Department, and other debit balances.
- h. This item consists mainly of the prepaid expenses account related to the Company's insurance, rents, marketing, and security and protection; and contractors' prepayments for gas stations establishment, including an amount of JD 3,777,250, related to the refining and gas activity, and JD 7,840,908 related to Jordan Petroleum Products Marketing Company as of March 31, 2021.
- i. This item represents what was paid to the gas stations' owners according to agreements through which Jordan Petroleum Products Marketing Company 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:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the period/year	21,812,417	16,982,422
Provision recorded during the period/year	386,620	4,990,170
Recovered during the period/year	(133,078)	(160,175)
Balance at the End of the Period/Year	<u>22,065,959</u>	<u>21,812,417</u>

- The provision for expected credit losses as of March 31, 2021 includes an amount of JD 5,892,065, related to the refining and gas activity, JD 2,474,616 related to the oil factory, and JD 13,699,278 related to the Jordan Petroleum Products Marketing Company. The provision is calculated after taking into consideration the debts guaranteed by the Ministry of Finance.

9. Crude Oil, Finished Oil Products, and Supplies

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Finished oil derivatives and lube oil	184,681,579	184,380,042
Crude oil and materials under process	46,930,135	47,189,794
Raw materials, spare parts, and other supplies	61,066,288	62,993,308
Goods in transit	61,818,006	9,856,245
<u>Less: provision for slow-moving and obsolete inventory and sediments</u>	<u>(7,734,094)</u>	<u>(7,957,384)</u>
	<u>346,761,914</u>	<u>296,462,005</u>

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

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the period/year	7,957,384	18,295,494
Released during the period/year	(223,290)	(9,553,951)
Paid during the period/year	-	(491,186)
<u>Less: written-off materials during the period/year</u>	<u>-</u>	<u>(292,973)</u>
Balance at the end of the period/year	<u>7,734,094</u>	<u>7,957,384</u>

End of Relationship with the Government

Jordan Petroleum Refinery Company shall treat the sediments and water in the tanks and dispose of the idle materials no longer needed. Moreover, the slow-moving materials shall be evaluated 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 at the Government's expense, 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 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 it is in the process of treating of the remaining part while 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 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.

10. Due to Banks

This item consists of an overdraft and short-term loans accounts granted by several local banks to finance the Company's activities, at annual interest and murabaha rates ranging from 2.25% to 7%, during the period ended March 31, 2021, against the Company's guarantee as a legal personality. This item includes an amount of JD 493,503,649 for the refinery and gas activity, and JD 70,485,259 for Jordan Petroleum Products Marketing Company as of March 31, 2021.

11. Payables and Other Credit Balances

This item consists of the following:

	March 31, 2021 (Reviewed) JD	December 31, 2020 (Audited) JD
Deposits of the differences of oil derivatives pricing and surplus (a)	4,764,390	4,536,221
Special sales tax deposits on oil derivatives (b)	36,777,280	38,285,733
Deposits for constructing alternative tanks – Ministry of Energy (c)	-	-
Suppliers and obligations from purchase orders and services and others	92,602,780	44,382,723
Gas cylinders replacement, maintenance and repair provision (d)	5,000,000	5,000,000
Fees and allowances according to the oil derivatives price bulletin (IPP) (e)	52,252,547	51,514,419
Deposits for sale of strategic inventory (f)	34,117,956	-
Lawsuits provision (Note 18/b)	767,350	622,350
Advance payment from customers (g)	6,729,195	6,751,394
Shareholders' deposits	13,097,860	13,639,658
Creditors and other credit balances	10,182,330	9,549,222
Retention deducted from contractors	632,072	469,402
Employees' vacations provision	1,972,456	1,961,271
Subsidiary companies import pricing differences (h)	8,994,814	8,863,678
Storage fees provision (i)	8,046,258	7,954,329
Balances retained against acquisition of subsidiary (J)	963,939	963,939
Alia company deposits – Royal Jordanian Airlines (k)	11,253,235	11,253,235
	<u>288,154,462</u>	<u>205,747,574</u>

- a. This item includes deposits amounts of the differences of oil derivatives pricing and surplus amounted to JD 38,684, related to the refining and gas activities, and to JD 4,725,706, related to the Jordan Petroleum Products Marketing Company as of March 31, 2021.
- 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; and the rounding-up of fractions differences 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 the Ministry of Finance relationship account due to the company amounted to JD 137,667,786 which includes the balance of the differences of oil derivatives pricing and surplus trusts due to the government in the amount of JD 44,167,683 and the balance of establishing alternative tanks deposit due to the government in the amount of JD 93,500,103 for the balances as of September 30 2020, the Ministry of Finance letter No. (18/4/694) was received on January 10, 2021, which includes the approval of the above-mentioned offsetting based on the offsetting instructions, and that the offsetting was carried out at the Ministry of Finance on January 4, 2021, and that the offsetting is recorded in the financial statements for the year 2020, according to the balances of the financial relationship between the company and the government as of September 30, 2020 contained in the company's letter No. (2/25/51/1/8988) dated December 15, 2020.

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

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the period/year	4,536,221	45,420,322
Recorded during the period/year	228,169	3,283,582
Paid during the period/year	-	(44,167,683)
Balance at the End of the Period/Year	4,764,390	4,536,221

- This item includes an amount of JD (21,887,440) related to the refining and gas activity, and an amount of JD 58,664,720 for Jordan Petroleum Products Marketing Company as of March 31, 2021.
- 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, and approved on March 16, 2020 by the Customs Department, and on July 6, 2020, by the Offsetting Committee, part of the Ministry of Finance's debt (the Ministry of Finance relationship account) was offset with the general and special tax on the customs' statements held at the Customs Department 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 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.
- 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 operations of which 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 the Ministry of Finance relationship account due to the company amounted to JD 137,667,786 which includes the balance of the differences in pricing of derivatives and surpluses trusts due to the government in the amount of JD 44,167,683 and the balance of establishing alternative tanks trusts 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 replacement, maintenance and repair provision is as follows:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the period/year	5,000,000	5,000,000
<u>Add:</u> Recorded during the period/year *	1,491,645	4,186,428
<u>Less:</u> Released during the period/year *	(1,491,645)	(4,186,428)
Balance at the End of the Period/Year	<u>5,000,000</u>	<u>5,000,000</u>

- * During the period ended March 31, 2021, a provision of JD 1,491,645 was recorded as gas cylinders write-off and repair cost, in accordance with oil derivatives selling prices bulletin (IPP) amounting to JD (10) for each ton of gas sold. An amount of JD 1,491,645 has been released. Moreover, the number of gas cylinders sold during the period ended March 31, 2021 was around 11.9 million cylinders.

End of Relationship with the Government

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

- e. This item represents fees, alternatives, and the deposits for the Ministry of Finance's included in the oil derivatives selling prices bulletin (IPP) relating to the refining and gas activity only.
- The movement on this item is as follows:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the Period/Year	51,514,419	48,609,966
Recorded during the period/year	738,128	2,904,453
Balance at the End of the Period/Year	<u>52,252,547</u>	<u>51,514,419</u>

- f. This item represents an amount of JD 19,527,354 as the value of the fuel oil 3.5% owned by the government, which the company exported on behalf of the government during February 2021 upon their request, and it includes an amount of JD 14,590,602 as the value of the government-owned crude oil that the company purchased during March 2021 according to Prime Minister's decision No. (1150) taken in its session held on February 3, 2021.
- g. This item represents advance payments from fuel and gas clients against finished oil derivatives purchases.
- h. 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 end of 2020, and the period ended March 31, 2021, 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 readily 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 profits or losses.
- i. 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-ton stored as of May 25, 2017. However, Jordan Petroleum Refinery Company rejected this claim. Based on this rejection, Letter No. (2/20/408), dated January 3, 2019, from the Energy & Minerals Regulatory Commission (EMRC) was received. The letter specified the initial storage fees at JD 2 per month, instead of JD 3.5 per cubic-ton. However, the fees shall be studied by the Energy & Minerals Regulatory Commission (EMRC) during the first half of the year 2019. Moreover, the claim shall be re-examined for the period from May 25, 2017 until the end of the financial relationship between the Company and the Government, together with the related impact on the Government. In this respect, EMRC has not determined the final storage fees yet. Meanwhile, the Jordan Petroleum Refinery Company still rejects the fuel storage fees calculation of fuel oil (1%), as this material was imported at the request of the National Electric Company and Electricity Generation Company to make up for the deficit of the National Electricity Companies, in light of the interruption of the Egyptian gas supply to cover the local market need, and as the Company is committed to only paying the storage fees on fuel oil of 3.5% as of May 1, 2018, which marks the end of the financial relationship with the government, And that any claim related to fuel oil 1%, the company will demand the National Electricity Company for its value, as this material was imported at the request of the National Electricity Company in light of the Egyptian gas cutoff, noting that the company exported fuel oil 1% during April 2021.

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 until the end of the financial relationship with the government.

- The movement on this item is as follows:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the period/year	7,954,329	9,889,819
Recorded during the period/year	91,929	3,064,510
Paid during the period/year	-	(5,000,000)
Balance at the End of the Period/Year	8,046,258	7,954,329

- j. This item represents the amount retained by Jordan Petroleum Products Marketing Company (subsidiary company) against any future liabilities that may arise on the Hydron Energy Company LLC, after it's owning it in accordance with the agreement between both parties.
- k. Based on the agreement between Jordan Petroleum Refinery Company and Alia Company - Royal Jordanian Airlines signed on November 26, 2019, and after all the balances between the two Companies had been matched, both parties agreed to offset the accrued outstanding balance due from Alia Company - Royal Jordanian Airlines related to the refining and gas activity against the discount deposits balances and interest deposit balances of Alia Company - Royal Jordanian Airlines. Accordingly, the offsetting took place and resulted in an amount of JD 11,253,235, payable to Alia Company - Royal Jordanian Airlines and booked in the Company's records for the refining and gas activity.

12. Provision for Income Tax

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

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Provision for income tax at the beginning of the period/year	675,314	7,646,805
<u>Add: Income tax expense for the period/year</u>	<u>1,090,931</u>	<u>674,001</u>
<u>Less: Income tax paid during the period/year</u>	<u>(174,762)</u>	<u>(7,645,492)</u>
Provision for Income Tax at the End of the Period/Year	<u>1,591,483</u>	<u>675,314</u>

- b. The details of the income tax expense for the three months ended March 31, 2021 and 2020 are as following:

	For the Three Months Ended March 31,	
	2021 (Reviewed)	2020 (Reviewed)
	JD	JD
Income tax for the period	1,090,931	269,909
Deferred tax assets impact for the period *	3,782,658	(5,496,066)
Income Tax expense (Surplus) for the period	<u>4,873,589</u>	<u>(5,226,157)</u>

- * This balance includes deferred taxes against accumulated losses that has been taken advantage of during the period ended March 31, 2021, according to the tax rates applied on the Company and its subsidiaries.
- The Company reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of the year 2015. In addition, the Company tax declarations were estimated for the years 2016, 2017 and 2018, and paid the declared tax thereof. Meanwhile, the Income and Sales Tax Department has reviewed the Company's accounts, for the above-mentioned years but has not yet issued its final decision thereon. Furthermore, the Company has calculated and paid its tax and duly submitted its tax declarations for the years 2019 and 2020. In addition, the tax expense for the period ended March 31, 2021 has been calculated, in accordance with the provisions of the Jordanian Income Tax Law. In the opinion of the Company's management and tax advisor, the provisions stated in the condensed consolidated interim financial information are sufficient to cover its tax obligations.
- The Jordan Petroleum Products Marketing Company (a subsidiary company) reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of the year 2018. In addition, the company submitted its tax returns for the years 2019 and 2020, and paid the declared tax thereof. Meanwhile, the Income and Sales Tax Department has not reviewed the Company's accounts thereon. In addition, the tax expense for the period ended March 31, 2021 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 declaration have been submitted for all the subsidiary companies of the Jordan Petroleum Products Marketing Company up to the year 2020, and the declared income tax was paid. Moreover, the income tax expense has been calculated for Jordan Petroleum Products Marketing Company's subsidiaries for the period ended March 31, 2021, 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.
- The Income and Sales Tax Department has reviewed and issued its final decision for the years 2011, 2012, and 2013. On May 10, 2015, the Department informed the Company of the review, which resulted in tax differences of JD 15,618,205. Moreover, the Company has requested the Prime Minister to exempt it from the income tax differences, legal compensations, and fines, due that these amounts resulted from the Company's loans that exceeded the accepted borrowings to capital ratio under the Income and Sales Tax Law, and these borrowings were obtained to fulfill the diesel and fuel oil needs of power-generating companies, in light of the Egyptian gas interruption. Furthermore, the Council of Ministers approved, in its meeting held on January 3, 2016, to exempt the Jordan Petroleum Refinery Company from the income tax differences, legal compensations, and fines for the years 2011, 2012, and 2013. Consequently, the Company recorded a provision for the income tax differences for the year 2014, as this year has not been included in the exemption decision of JD 5,422,683, provision for legal compensation for the year 2014 of JD 4,338,146, and provision for delay payments (0.004) of JD 1,897,939, against any probable future tax liabilities until the Income Tax Department reviews the year 2014. In this connection, the Income and Sales tax Department issued its final and irrevocable tax assessment for 2014, and on July 2, 2017, it informed the Company about the results of the said assessment, which resulted in additional taxes of JD 7,838,578, and a legal compensation of JD 6,270,866 on the above tax differences. Consequently, the Company increased the provision for tax differences to JD 7,838,578, and the increase provision for legal compensation become to JD 6,270,866. Additionally, the provision for late payment of (0.004) was increased to JD 2,743,502 for the period ended September 30, 2017. Moreover, the Company submitted an objection to the Income and Sales Tax Department because these amounts resulted from its borrowings which exceeded the capital ratio under the Income and Sales Tax Law, and the borrowing was obtained to fulfill the diesel and fuel oil needs of the power-companies in light of the interruption of the Egyptian gas supply.

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

- The income tax rate is 17% for the refining and gas activity and oil factory plus a national contribution of 1%, and 20% for Jordan Petroleum Products Marketing Company and its subsidiaries plus a national contribution of 1%.

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, 2021.

14. Net Sales

This item consists of the following:

	For the Three Months Ended March 31,	
	2021	2020
	(Reviewed)	(Reviewed)
	JD	JD
Refinery and gas cylinders filling sales *	117,477,741	159,651,253
Lube-oil factory sales	5,516,678	4,426,633
Jordan Petroleum Products Marketing Company sales	294,244,601	327,583,627
<u>Less:</u> fees, allowances and taxes according to the oil derivatives prices bulletin (IPP)	(139,046,229)	(131,387,518)
	<u>278,192,791</u>	<u>360,273,995</u>

- * The sales of the Jordanian Petroleum Refinery Company to the Jordanian Petroleum Products Marketing Company (a subsidiary company) of finished oil derivatives amounted to JD 136,242,834 during the period ending March 31, 2021.

15. Cost of Sales

This item consists of the following:

	For the Three Months Ended March 31,	
	2021	2020
	(Reviewed)	(Reviewed)
	JD	JD
Crude oil and materials under process at the beginning of the period	47,189,794	41,863,633
Purchases of crude oil and raw materials used in production	150,496,917	57,720,148
<u>Less:</u> crude oil and materials under process at the end of the period	(46,930,135)	(27,817,423)
Cost of Materials used in Production	150,756,576	71,766,358
Industrial Expenses	13,984,844	14,791,128
Total Production Cost	164,741,420	86,557,486
<u>Add:</u> Finished products at the beginning of the period	184,380,042	285,774,084
Purchases of finished oil derivatives	92,685,333	268,528,210
<u>Less:</u> Finished oil derivatives at the end of the period	(184,681,579)	(235,093,997)
Subsidy of oil derivatives charged to the Ministry of Finance account *	(20,728,169)	(21,362,432)
<u>Add:</u> Surplus of oil derivatives pricing difference recorded to the Ministry of Finance account *	228,169	417,002
	<u>236,625,216</u>	<u>384,820,353</u>

- The average purchase cost per crude oil barrel amounted to USD 59/55 for the three months ended March 31, 2021 (USD 58/21 for the three months ended March 31, 2020).

- * This item represents the difference in the selling price to the consumer from the price specified in the oil derivatives price bulletin (IPP), as it resulted in an amount of JD 18,207,123 as subsidy and an amount of JD 19,579 as a surplus from the sales of the refining and gas activity; and an amount of JD 2,521,046 as a subsidy, and an amount of JD 208,590 as a surplus from the sales of the Jordan Petroleum Product Marketing Company (a subsidiary company).

16. Profit (Loss) Earnings per Share for the Period

This item consists of the following:

	For the Three Months Ended March 31,	
	2021	2020
	(Reviewed)	(Reviewed)
	JD	JD
Profit (Loss) for the period attributable to shareholders	19,801,263	(26,999,359)
Weighted-average number of shares	100,000,000	100,000,000
Profit (Loss) Earnings per Share for the Period-Basic and Diluted	<u>-/20</u>	<u>(-/27)</u>

- The weighted-average number of shares for diluted profit (loss) earnings per share for the year attributable to the Company's shareholders is calculated based on the number of authorized shares for the period ended March 31, 2021 and 2020 according to International Accounting Standard No. (33).

17. Settlement of Targeted Income with the Government before the End of the Relationship with the Government

The calculated difference for reaching the targeted income was recorded on a commercial basis in the Ministry of Finance's account. In this regard, the calculated loss difference for the period ended April 30, 2018 was recorded under the income settlement with the Government which affected the amounts due from the Ministry of Finance as stated in receivables and other debit balances. Moreover, no income settlement with the Government has been reached after April 30, 2018, the end of the relationship with the Government as of May 1, 2018. Noting that the liquefied gas activity was not separated from the refining activity despite the fact that the Council of Ministers' Decision No. (7633) adopted in its session held on April 30, 2018, has set the rate of return on investment for the LPG filling centers for the purposes of calculating the commission amount for them at a rate of 12%. Moreover the amount of the commission for the period from May 1, 2018 to December 31, 2018 was set at JD 43 per ton, so that it covers any surplus or deficit amounts resulting from an increase or decrease in the rate of return on investment over the target value in calculating the commission amount for the filling centers for the subsequent period, down or up. And that the above mechanism does not result in any increase in the cost of the cylinder for citizens or subsidy from the Treasury / Ministry of Finance for this activity, noting that the company has provided the Energy Sector Regulatory Commission with all the information and data on gas activity so that the amount of the commission for the years 2019 and 2020 is determined, which reflects The rate of return on investment for this activity is 12% annually, and the Ministry of Energy and Mineral Resources has assigned an auditor and an external studies company to determine the value of the commission for the years 2019 and 2020. The authorities appointed by the Ministry of Energy and Mineral Resources were provided with all the required data, and these authorities provided the Ministry of Energy and Mineral Resources and the Energy Sector Regulatory Commission with the final report, and no decision has been made to this date by the government regarding the final commission value that reflects the rate of return on investment at a rate of 12% annually According to Council of Ministers' Decision No. (7633) mentioned above, the company is still negotiating with the government to agree on the final commission value.

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

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

- Moreover, the change in the composition of oil derivatives pricing bulletin (IPP) from the beginning of 2018 until March 31, 2021, comprising a decrease in the refinery gate price item within the composition of the selling price of the finished oil derivatives (IPP); and the increase in the amount of Governmental fees and taxes has had a negative impact on the net sales of the gas and refining activity for the above-mentioned periods and years and a negative impact on the settlement of the financial relationship with the Government as of April 30, 2018 in comparison with prior years.
- * In accordance with the Prime Ministry's Letter No. (31/17/5/21025), related to the opinion of the Legislation and Opinion Bureau, Jordan Petroleum Refinery Company shall bear the costs of the Indian cylinders rejected by the Jordan Standards and Metrology Organization. Accordingly, Jordan Petroleum Refinery Company sent Letter No. (2/25/25/7/1741), dated February 14, 2017, to His Excellency the Minister of Finance. The letter stated that the cost of the Indian cylinders incurred by the Company up to December 31, 2016 amounted to JD 7,665,784, and that the net selling price of these cylinders amounted to JD 1,331,250, and therefore, the net losses amounted to JD 6,334,534. If the Company were to bear all these costs at the same time, the targeted (guaranteed) income would decrease by JD 5,067,628 for the year ended December 31, 2016. This would affect the Company negatively in the financial market. Consequently, the Council of Ministers approved, in its Letter No. (31/17/5/14/14153), dated March 28, 2017, that the Company would bear the net cost of the provision for the Indian cylinders of JD 6,334,534 over five years starting from the year 2016 for JD 1,266,907. This amount has been deducted from the targeted income for the Company of JD (15) million. Accordingly, the net targeted income for the years 2016 and 2017 became JD 13,733,093 for each year. An amount of JD 2,533,814 was amortized in the Statement of Profit or Loss for the refining and gas filling activity during the years 2016 and 2017, and the amortization of the remaining amount, which represents JD 3,800,720 has been deferred to be amortized over the upcoming three years. The Company amortized an amount of JD 1,829,004 during the year 2018, and the remaining amount of JD 3,658,008 during the years 2019 and 2020. During the year 2019, the Company amortized the entire remaining amount of JD 3,658,008.

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

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

	April 30, 2018
	JD
Actual cost of the Indian cylinders and valves	7,665,784
The cost of storage containers	355,041
Total cost of cylinders, valves, and containers	8,020,825
Amounts amortized in 2016 and 2017	(2,533,814)
Net remaining amount to be amortized over three years	5,487,011
Amortized for the period ended April 30, 2018	(609,668)
Targeted income for the period before amortization	5,000,000
Targeted income for the Company after amortization	4,390,332

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

18. 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, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Letters of credit and bills of collections*	386,050,973	493,380,505
Banks' letters of guarantee	8,603,744	9,158,340
Contracts for projects under construction	14,856,524	15,067,269

- * This item includes standby L/Cs of JD 99 million which is equivalent to USD 140 million in favor of Saudi Aramco Company as of March 31, 2021 and December 31, 2020.

- b. There are lawsuits in courts raised against the Company for financial claims estimated at JD 767 thousand as of March 31, 2021 (JD 622 thousand as of December 31, 2020). Moreover, some prior year's lawsuits were raised against both the Government and the Company. Consequently, the estimated contingent liabilities from unsettled lawsuits and the required provisions have been taken in accounts payable and other credit balances. In the opinion of the Company's management and its legal consultant, the booked provisions are sufficient to meet any future obligations.

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

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

- c. According to the minutes of the Company's meetings with the Ministry of Finance and the Jordan Petroleum Refinery Company held on November 8, 9 and 16, 2017, to determine the balances of the financial relation between Jordan Petroleum Refinery Company and the Government (excluding Jordan Petroleum Product Marketing Company and the 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 pricing 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).

19. Strategic Inventory Deposits – The Ministry of Finance
End of Relationship with the Government

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), provided that the value of this inventory is settled later. Additionally, Jordan Petroleum Refinery Company started transferring the strategic inventory to JOTC during April 2018, and the Company is still transferring the remaining quantities to the Jordan Oil Terminals Company (JOTC) 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, noting that the approval of the Ministry of Finance to settle the inventory value and quantity was finalized according to the Ministry of Finance letter No. (4/18/28669) dated August 29, 2019.

The table below illustrates the strategic inventory quantity left:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	Quantity/ Tons	Quantity/ Tons
Crude Oil *	-	42,926
Liquefied petroleum gas (LPG)	-	-
Gasoline 90	-	-
Gasoline 95	-	-
Jet-fuel	-	2
Kerosene	27,623	30,977
Diesel	-	-
Fuel Oil 3.5% **	-	3,950
Asphalt	-	-
	<u>27,623</u>	<u>77,855</u>

* The company purchased (42,926) Tons of crude oil that is owned by the government during March 2021, in implementation of Council of Ministers decision No. (1150).

** The company exported (80,168) Tons of fuel oil 3.5% that is owned by the government, on behalf of the government upon its request during February 2021.

20. 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, 2021 (Reviewed) JD	December 31, 2020 (Audited) JD
<u>Balances:</u>		
Ministry of Finance – the primary relationship account (Note 8/e)	98,438,117	72,712,083
Ministry of Finance – deposits of oil derivatives pricing differences and surplus (Note 11/a)	(4,764,390)	(4,536,221)
	For the Three Months Ended March 31,	
	2021 (Reviewed) JD	2020 (Reviewed) JD
<u>Transactions:</u>		
Ministry of Finance – subsidy for crude oil derivatives charged to the Ministry of Finance (Note 15)	20,728,169	21,362,432
Ministry of Finance – surplus differences for oil derivatives pricing (Note 15)	(228,169)	(417,002)

Executive management and members of the Board of Directors' salaries, remuneration, and other benefits amounted to JD 306,395 for the period ended March 31, 2021 (JD 372,373 for the period ended March 31, 2020).

21. 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 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.
 - b. **Distribution:** Distribution links the importing within the Company and refining activity, on one hand, and all customers in the various areas of the Kingdom, on the other. Moreover, distribution fulfills customers' demands for the Company's finished oil derivatives and gas.
 - c. **Lube-oil Manufacturing:** This sector includes the manufacturing, production, and filling of various types of oil required in the local and foreign markets.
 - d. **Liquefied Gas Manufacturing and Filling:** This sector includes producing 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:

	Refining and Filling Gas Cylinders	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Others	Total
	JD	JD	JD	JD	JD
<u>For the period ended March 31, 2021</u> <u>(Reviewed):</u>					
Profit for the period after tax	12,869,477	1,628,277	5,562,288	32,916	20,092,958
<u>For the period ended March 31, 2020</u> <u>(Reviewed):</u>					
(Loss) Profit for the Period after Tax	(29,380,368)	1,609,128	856,977	19,709	(26,894,554)

	March 31, 2021 (Reviewed)				
	Refining and Filling Gas Cylinders	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Others	Total
	JD	JD	JD	JD	JD
<u>Other Information</u>					
Total sector's assets	812,756,933	29,731,746	332,260,475	4,828,410	1,179,577,564
Total sector's liabilities	671,028,086	27,736,287	244,164,810	278,434	943,207,617

	December 31, 2020 (Audited)				
	Refining and Filling Gas Cylinders	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Others	Total
	JD	JD	JD	JD	JD
(Loss) Profit for the year before Tax	(21,506,238)	7,831,677	(4,094,622)	100,729	(17,668,454)
Total sector's assets	735,728,238	31,003,156	322,450,338	4,789,005	1,093,970,737
Total sector's liabilities	614,333,424	23,427,307	239,955,649	271,945	877,988,325

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

		For the period Ended March 31, 2021				
	Note	Refining activity and gas cylinders filling	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Other	Total
		JD	JD	JD	JD	JD
Net Sales	14	240,288,152	5,516,678	168,630,795	-	414,435,625
Less: Cost of sales	15	(217,475,527)	(2,837,717)	(152,554,806)	-	(372,868,050)
Gross profit from sales		22,812,625	2,678,961	16,075,989	-	41,567,575
Add: Operating income and other		2,288,086	4,921	535,035	-	2,828,042
Gross profit		25,100,711	2,683,882	16,611,024	-	44,395,617
Less: Selling and distribution expenses		(7,677,077)	(358,949)	(6,115,118)	-	(14,151,144)
General and administrative expenses		(1,875,759)	(80,395)	(837,563)	-	(2,793,717)
Bank interest and commissions		(4,409,077)	-	(856,706)	32,916	(5,232,867)
lawsuits (provision)	11	(145,000)	-	-	-	(145,000)
Released from (Provision) expected credit losses	8/J	133,078	(212,244)	(174,376)	-	(253,542)
Released from slow-moving and obsolete inventory and sediments provision	9	223,290	-	-	-	223,290
(Provision) for storage fees	11/I	(91,929)	-	-	-	(91,929)
(Provision) for employees' vacations	11	(11,185)	-	-	-	(11,185)
Provision for work injuries compensation		-	-	-	-	-
Income from storage of strategic inventory		1,119,403	-	-	-	1,119,403
Interest income resulting from government's delay		3,359,144	-	-	-	3,359,144
Lease liabilities interest		-	-	(701,523)	-	(701,523)
Interest resulting from the acquisition of a subsidiary		-	-	-	-	-
Amortization of intangible assets		-	-	(750,000)	-	(750,000)
Profit for the period before Income Tax		15,725,599	2,032,294	7,175,738	32,916	24,966,547
Income tax expense the period	12/b	(2,856,122)	(404,017)	(1,613,450)	-	(4,873,589)
Profit for the period		12,869,477	1,628,277	5,562,288	32,916	20,092,958

		For the period Ended March 31, 2020				
	Note	Refining activity and gas cylinders filling	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Other	Total
		JD	JD	JD	JD	JD
Net Sales	14	283,314,333	4,426,633	211,158,249	-	498,899,215
Less: Cost of sales	15	(321,307,102)	(2,447,982)	(199,690,489)	-	(523,445,573)
(Losses) Gross profit from sales		(37,992,769)	1,978,651	11,467,760	-	(24,546,358)
Add: Operating income and other		6,637,168	506	554,222	-	7,191,896
(Losses) Gross profit		(31,355,601)	1,979,157	12,021,982	-	(17,354,462)
Less: Selling and distribution expenses		(8,024,487)	(263,384)	(7,819,280)	-	(16,107,151)
General and administrative expenses		(2,329,058)	(67,855)	(791,532)	-	(3,188,445)
Bank interest and commissions		(5,079,950)	(1,057)	(799,842)	19,709	(5,861,140)
Released from lawsuits provision	11	27,000	-	-	-	27,000
(Provision) for expected credit losses	8/J	(190,962)	(45,461)	(127,490)	-	(363,913)
Released from slow-moving and obsolete inventory and sediments provision	9	4,233,008	-	-	-	4,233,008
(Provision) for storage fees	11/I	(1,262,400)	-	-	-	(1,262,400)
(Provision) employees' vacations	11	-	-	-	-	-
Released from work injuries compensation provision		3,234,886	-	-	-	3,234,886
Income from storage of strategic inventory		2,637,933	-	-	-	2,637,933
Interest income resulting from government's delay		3,263,035	-	-	-	3,263,035
Lease liabilities interest		-	-	(540,107)	-	(540,107)
Interest resulting from the acquisition of a subsidiary		-	-	(88,955)	-	(88,955)
Amortization of intangible assets		-	-	(750,000)	-	(750,000)
(Loss) Profit for the period before Income Tax		(34,846,596)	1,601,400	1,104,776	19,709	(32,120,711)
Income tax (Surplus) expense for the period	12/b	5,466,228	7,728	(247,799)	-	5,226,157
(Loss) Profit for the period		(29,380,368)	1,609,128	856,977	19,709	(26,894,554)

22. Future Plan

Inquiries received from contractors interested in implementing and financing the fourth expansion project are currently being answered to pave for preparing their offers that are expected to be received in mid-of July 2021, as competition is limited between contractors who have been qualified by Technip / British branch (project management contractor).

In addition, the financial advisor Standard Chartered prepared the required documents to attract investors, among the financial model draft for the project, as this model constitutes an essential component of the documents package that is necessary to be provided to parties that are interested in financing.

AON has been appointed as an insurance advisor for the fourth expansion project to cover aspects related to policies, programs, and insurance requirements for the project to meet the requirements of the financiers and investors. In addition, AON will conduct a study to determine what needs to be done to include a Business Interruption policy at the stage of financial closing (in addition to the policies currently operating in line with investors' request). In addition, ECO and WKC have been assigned to work as an environmental expert (as they prepared an environmental assessment study for the project). The said companies have prepared a gap study to assess the environmental and social impact of the project, and they will prepare the terms of reference in coordination with the Ministry of Environment to cover all activities of the refinery (refining activity, liquefied gas activity, petroleum products marketing company activity and Lube-oil activity) and merge them with the environmental assessment study for the project, in order to meet the requirements of investors regarding the inclusion of all the company's activities in the study. In this context, there is a plan for completing the selection of the contractor to be contracted with, no later than the fourth quarter of 2021, where the implementation of the project will begin after the completion of the works related to the financial closing, which is expected to be reached during the year 2022.

In terms of the relationship with the Government, the Company is still communicating with the Government to reach an agreement on the remaining matters related to their financial relationship, following the end of the financial relationship between the Government and the Company as of May 1, 2018, pursuant to the Council of Ministers' Resolution No. (7633) to defer the application of the oil derivatives specification until the completion of the fourth expansion project, provided that a specific implementation plan is adhered to.

In light of the recovery of crude oil prices and oil derivatives as a result of the crude oil producing countries reaching an agreement to reduce their production, and as a consequence of the return to normal life in light of the world adaptation to coexist with the Corona virus pandemic, the Company hopes to recover the losses incurred in the year 2020, despite that the sales of some items are still affected in terms of quantity and value, especially jet fuel.

Jordan Petroleum Products Marketing Company continues along the path of development and expansion and will open and manage new stations, as during the first quarter of 2021 JoPetrol opened and managed Al-Hayat Tower Gas Station/Al-Qwaira; Al-Luzi Gas Station/Jubeiha; Al-Tareeq Al-Khalfi Gas Station/Aqaba; Al-Sakka Gas Station/100th Street; Al-al bayt University Station; Al Jaloudi Gas Station / Radio Area; Khrais Gas Station/Irbid; Sakhr Al-Sukhour Gas Station / Giza; Al-Jundi Station / Zarqa; Sokhna Station; Al-Hourani Station / Radio Area; Al-Enaizat Station / Abu Nseir; and Al-Halles Station/ Al-Quwira; Royal Court Station and Al-azraq Base Station. Moreover, the Company will renovate older gas stations.

The customer orders transfer system has also been upgraded during the first quarter of 2021 through the activation of smart applications through smart systems for fuel orders and the transfer and automatic submission of station orders, in addition to activating the electronic payment service for all services provided by the Company through eFAWATEER.com, re-loading of cards, or e-pre-payments for home distribution orders and factories' and companies' orders.

The automation system for the gas stations and the electronic cards system have also been upgraded by adding the feature of activation of the card's password service, controlling the vehicle's expense and fuel consumption according to the mileage in kilo meters indicated by the vehicle's odometer, or through linking the vehicle to the Global Positioning System (GPS) tracker, as well as developing an a Radio-frequency Identification (RFID) system for filling and electronically controlling the price changes for all the owned stations, which are managed from the control room.

It is planned that until the end of 2021, the company will obtain international quality certificates in managing the quality of services and products, health and safety systems and environmental management systems with the highest internationally approved standards, and provide all the employees with an intensified training on the latest health and safety management systems, provide them with all the necessary equipment and apply the latest systems in protecting the facilities against theft and risks.

Moreover, the television monitoring system is applied to the domestic transport and distribution fleet tanks through the central control room, in addition to the automation of tank counters and their inventory.

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

With regard to the lube oil activity, the Company completed the project of amending the packaging designs used to package its products, as the packaging designs of size (20) liters and (25) liters are being amended in order to reduce imitation of JoPetrol oils products and come up with more attractive designs. Moreover, experimental packages have been produced, and the new designs are being registered at the Chamber of Commerce and Industry to maintain their ownership and begin producing them.

As part of the factory's renovation plan, work is under way to purchase and install a new production line to fill (1) liter packages and the tender is offering, and it is still under evaluation. Under the cost reduction plan, work is under way to purchase and install a mixing system for some of the additives as the tender is offering, in addition to expansion in importing of bulk additives in flexible tanks with a size of (20) cubic meters. And as part of the cost-reduction plan, work is under way to install a solar-powered electricity generation system, where the tender was raised and is under evaluation. Work is under way to study the installation of a separate steam boiler for the oil plant.

The lube oils laboratory is being renovated through purchasing new and modern testing devices in order to improve the laboratory's reliability, qualify it to test used lube oils, and raise the level of the after-sale service.

As for exporting, part of the factory's plan is to expand its exports to include Lebanon, Sudan, Canada, Chad, all the regions of Chad, in addition to the neighboring regions, such as Libya and Cameroon. Moreover, delivery vehicles of finished goods to customers are being replaced through purchasing modern cars.

23. Approval on the Condensed Consolidated Interim Financial Information

The condensed consolidated interim financial information was approved by the Board of Directors and authorized for issuance on April 28, 2021.

25. Comparative Figures

During the period ended March 31, 2021, the Group adjusted the comparative figures for the same period from the year 2020 according to International Accounting Standard No. (8), with retrospective effect, to comply with the requirements of IFRS No. 10 "Consolidated Financial Statements". This treatment affected the items of the condensed consolidated interim profit or loss statement. Moreover, the Group's results of operations, equity and cash flows were not affected, as they resulted from adjustments related to offsetting some transactions between the Company and its subsidiary companies.

- The effect of the adjustments on the items related to the period ended March 31, 2020 was as follows:

	March 31, 2020		
	Balance before the Adjustments	Effect of the Adjustments	Adjusted Balance
<u>Condensed Consolidated Interim Profit or loss Statement</u>	JD	JD	JD
Operating revenues and other	7,191,896	(1,759,788)	5,432,108
Selling and distribution expenses	(16,107,151)	1,637,533	(14,469,618)
Bank interest and charges	(5,861,140)	122,255	(5,738,885)
		<u>-</u>	

26. Subsequent Events

The General Assembly decided in its ordinary meeting held on April 28, 2021 to distribute cash dividends at a rate of 5% from the Company's capital as dividends to shareholders.

24. 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 to Fair Value
	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)				
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through comprehensive income:						
Companies' shares	2,440,624	2,257,261	Level 1	Listed prices in financial markets	Not applicable	Not applicable
Total financial assets at fair value	<u>2,440,624</u>	<u>2,257,261</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:

The management believes that the book value of the financial assets and financial liabilities shown in the Company's interim condensed consolidated financial information approximates their fair values. Meanwhile, investment properties and gas stations were evaluated for the subsidiaries upon acquisition.