

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٦ تشرين الثاني ٢٠٢٠
الرقم التسلسلي ٤١٤٤
رقم الملف ٢١٤٨٦
الجهة المختصة: بنك الأردن

Ref: MG/F/20-5229
Nov. 16, 2020

Jordan Security Commission,
Amman – Jordan

Dear Sirs,

Subject: Afaq for Energy English Financial Statements Q3. 2020

As per JSC regulations, we are pleased to enclose herewith the English financial statements for third quarter ended 30/09/2020 for AFAQ Energy.

Sincerely,

AFAQ Energy

Copy to: -

- Amman Stock Exchange,



AFAQ FOR ENERGY

PUBLIC SHAREHOLDING COMPANY

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS(UNAUDITED)**

30 SEPTEMBER 2020



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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
TO THE CHAIRMAN AND BOARD OF DIRECTORS OF
AFAQ FOR ENERGY PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Afaq for Energy (a Public Shareholding Company) (“the Company”) and its subsidiaries (“the Group”) as at 30 September 2020, comprising the interim consolidated statement of financial position as at 30 September 2020 and the interim consolidated statements of comprehensive income and the interim consolidated statements of changes in equity and the interim consolidated statements of cash flows for the nine-month period then ended and explanatory notes. Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

We draw attention to note (14) to the interim condensed consolidated financial statements, which disclose the impact of the coronavirus pandemic on the Group’s operating results for the period ended 30 September 2020. This matter does not modify our conclusion on these interim condensed consolidated financial statements

Amman – Jordan
28 October 2020

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Notes	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Assets-			
Non-current Assets-			
Lands, property and equipment	4	294,145,502	299,854,073
Projects in progress		1,704,488	489,917
Intangible assets		7,737,404	9,987,404
Financial assets at fair value through other comprehensive income		210,000	210,000
Right of use assets	3	14,660,326	12,599,888
		<u>318,457,720</u>	<u>323,141,282</u>
Current Assets-			
Inventories		33,245,160	35,138,070
Accounts receivable and cheques under collection		49,927,425	66,717,584
Due from related parties	6	65,981,454	50,563,224
Financial assets at fair value through profit or loss		26,250	26,250
Other current assets		2,505,636	1,699,295
Cash on hand and at banks	5	19,553,271	29,559,380
		<u>171,239,196</u>	<u>183,703,803</u>
TOTAL ASSETS		<u><u>489,696,916</u></u>	<u><u>506,845,085</u></u>
Equity and Liabilities			
Equity-			
Paid in capital	1	110,000,000	110,000,000
Statutory reserve	11	17,371,306	17,371,306
(Accumulated losses) Retained earnings		(2,197,052)	22,855,166
Total shareholders' equity		<u>125,174,254</u>	<u>150,226,472</u>
Non- controlling interest		<u>3,733,179</u>	<u>3,731,622</u>
TOTAL EQUITY		<u><u>128,907,433</u></u>	<u><u>153,958,094</u></u>
Non-current Liability-			
Loans and Murabaha	8	39,996,997	49,998,259
Lease liabilities	3	13,208,020	11,287,979
		<u>53,205,017</u>	<u>61,286,238</u>
Current Liabilities-			
Due to banks	7	36,492,057	29,099,044
Loans and Murabaha- short term	8	97,000,714	99,908,953
Due to related parties	6	1,975,738	3,941,240
Post-dated cheques – short term		20,277,943	800,173
Due to government		99,445,449	76,446,198
Income tax provision	9	2,031,307	2,149,051
Due to Jordan Petroleum Refinery Company Ltd.		3,496,736	6,435,887
Accounts payable and other current liabilities		45,494,040	71,743,793
Lease liabilities due within one year	3	1,370,482	1,076,414
		<u>307,584,466</u>	<u>291,600,753</u>
TOTAL LIABILITIES		<u><u>360,789,483</u></u>	<u><u>352,886,991</u></u>
TOTAL LIABILITIES AND EQUITY		<u><u>489,696,916</u></u>	<u><u>506,845,085</u></u>

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements and to be read with the interim review report

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	<i>Notes</i>	For the three months ended		For the nine months ended	
		30 September		30 September	
		2020	2019	2020	2019
		JD	JD	JD	JD
Revenues		155,540,298	224,978,202	456,593,950	658,944,496
Cost of revenues		<u>(144,504,242)</u>	<u>(218,582,959)</u>	<u>(451,474,716)</u>	<u>(630,959,368)</u>
Gross profit		11,036,056	6,395,243	5,119,234	27,985,128
General and administrative expenses		(1,160,023)	(639,226)	(4,999,751)	(5,334,567)
Expected credit losses		(16,591)	-	(942,831)	(759,047)
Gain from sale of property and equipment		71,632	95,081	77,127	106,533
Financing costs		(4,174,743)	(4,597,464)	(9,581,491)	(13,018,881)
Other income		108,984	765,363	508,358	1,491,580
(Loss)Profit for the period before tax		5,865,315	2,018,997	(9,819,354)	10,470,746
Income tax expense for the period	9	<u>(2,031,307)</u>	<u>(367,457)</u>	<u>(2,031,307)</u>	<u>(1,684,842)</u>
(Loss)Profit for the period		3,834,008	1,651,540	(11,850,661)	8,785,904
Add: other comprehensive income items		-	-	-	-
Total comprehensive income for the period		<u>3,834,008</u>	<u>1,651,540</u>	<u>(11,850,661)</u>	<u>8,785,904</u>
Attributable to:					
Shareholders		3,817,727	1,552,395	(11,852,218)	8,491,974
Non-controlling interest		<u>16,281</u>	<u>99,145</u>	<u>1,557</u>	<u>293,930</u>
		<u>3,834,008</u>	<u>1,651,540</u>	<u>(11,850,661)</u>	<u>8,785,904</u>
		<u>(JD/ Fills)</u>	<u>(JD/ Fills)</u>	<u>(JD/ Fills)</u>	<u>(JD/ Fills)</u>
Basic and diluted earnings per share for the period		<u>0/034</u>	<u>0/014</u>	<u>(0/108)</u>	<u>0/077</u>

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements and to be read with the interim review report

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	Shareholders' Equity			Non-controlling interest	Total equity	
	Paid in capital	Statutory reserve	Retained earnings			Total
	JD	JD	JD			JD
For the period ended at 30 September 2020-						
Balance as at 1 January 2020	110,000,000	17,371,306	22,855,166	3,731,622	153,958,094	
Total comprehensive income for the period	-	-	(11,852,218)	1,557	(11,850,661)	
Dividends (Note 11)	-	-	(13,200,000)	-	(13,200,000)	
Balance as at 30 September 2020	<u>110,000,000</u>	<u>17,371,306</u>	<u>(2,197,052)</u>	<u>3,733,179</u>	<u>128,907,433</u>	
For the period ended at 30 September 2019-						
Balance as at 1 January 2019	110,000,000	15,561,453	17,989,119	3,549,564	147,100,136	
Total comprehensive income for the period	-	-	8,491,974	293,930	8,785,904	
Dividends (Note 11)	-	-	(8,250,000)	-	(8,250,000)	
Balance as at 30 September 2019	<u>110,000,000</u>	<u>15,561,453</u>	<u>18,231,093</u>	<u>3,843,494</u>	<u>147,636,040</u>	

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements and to be read with the interim review report

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	Note	30 September 2020 JD	30 September 2019 JD
<u>Operating activities</u>			
(Loss) Profit for the period before tax		(9,819,354)	10,470,746
Adjustments for:			
Depreciation and amortization		9,260,099	10,786,692
Expected credit loss		942,831	759,047
Financing costs		9,581,491	13,018,881
Gain from disposal of property and equipment		(77,127)	(106,533)
Working capital adjustments			
Accounts receivable and cheques under collection		15,847,328	(12,319,910)
Inventories		1,892,910	(6,135,652)
Other current assets		(806,341)	3,096,970
Due from related parties		(488,740)	13,290,737
Due to related parties		(1,965,502)	(20,657,349)
Accounts payable and other current liabilities		(27,157,597)	31,207,152
Due to government		22,999,251	15,429,414
Post-dated cheques		19,477,770	(611,493)
Net cash flows from operating activities before tax		39,687,019	58,228,702
Income tax paid	9	(2,149,051)	(2,117,016)
Net cash flows from operating activities		37,537,968	56,111,686
<u>Investing activities</u>			
Purchase of property and equipment and projects in progress	4	(3,164,198)	(6,612,856)
Proceeds from sale of property and equipment		146,987	205,773
Net cash flows (used in) investing activities		(3,017,211)	(6,407,083)
<u>Financing activities</u>			
Repayment of loans and murabaha	8	(438,614,850)	(575,574,099)
Proceeds from loans and murabaha	8	425,705,349	596,069,285
Finance Cost paid		(9,581,491)	(13,018,881)
Due from Related parties		(14,929,490)	(13,843,249)
Paid from the lease obligation	3	(1,299,397)	(1,414,363)
Dividends paid		(13,200,000)	(8,250,000)
Net cash flows (used in) financing activities		(51,919,879)	(16,031,307)
Net (decrease) increase in cash and cash equivalents		(17,399,122)	33,673,296
Cash and cash equivalents at the beginning of the period		460,336	(46,468,750)
Cash and cash equivalents at the ending of the period	5	(16,938,786)	(12,795,454)

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements and to be read with the interim review report

(1) GENERAL INFORMATION

Afaq for Energy was established as a public shareholding company on 5 August 2008 with an authorized and paid in capital of JD 5,000,000, divided into 5,000,000 shares with a par value of JD 1 per share. The company has increased its capital several times over the years to become JD 110,000,000 divided into 110,000,000 shares with a par value of JD 1 per share.

The main objective of the Company is to invest in the capital of the companies that operate in the energy sector.

Jordan Modern Oil and Fuel Services Company (subsidiary) signed an agreement with the Ministry of Energy and Natural Resources on 20 November 2012 in which the company got the rights of distributing and marketing the oil products in addition to any other oil services authorized in Jordan for a period of ten years from the commercial operations starting date. The commercial operations has started in May 2013.

The headquarter of the group is located in Queen Alia Airport road, Amman - Hashemite Kingdome of Jordan.

(2) BASIS OF PREPARATION INTERIM FINANCIAL STATEMENTS

(2.1) Basis of preparation

The interim condensed consolidated financial statements for the nine months period ended 30 September 2020 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual report as at 31 December 2019. In addition, results of the nine months period ended 30 September 2020 are not necessarily indicative of the expected results for the financial year ending 31 December 2020.

(2.2) Going concern

The interim condensed consolidated financial statements have been prepared using the going concern assumption. The current liabilities exceeded the current assets by JD 136 million as at 30 September 2020 (31 December 2019: JD 107 million), in order to solve this issue the management has taken various corrective actions in form of loans restructuring and increase in credit facilities limits, in addition, the management has prepared a cashflow forecast to monitor the Group's financing requirements in the next 12 months. Based on the above, management is confident about the group's ability to continue in its activities and to meet its liabilities.

(2.3) Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new amendment effective as at 1 January 2020:

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Group did not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group was not be affected by these amendments on the date of transition.

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR").

**AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020**

The effective date of the amendments was for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.

The Company was not be affected by these amendments on the date of transition and concluded that the uncertainty arising from IBOR reform is did not affect its hedge relationships to the extent that the hedge relationships need to be discontinued.

(2.3) Basis of consolidation of financial statements

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries where the Company holds control over the subsidiaries. The control exists when the Company controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All balances, transactions, income, and expenses between the Company and subsidiaries are eliminated. The subsidiaries included in the interim condensed consolidated financial statements are as follows:

Name of the company	Country of incorporation	Ownership percentage	Main activity
Jordan modern oil and fuel services company	Jordan	100%	Fuel distribution
Jordan modern importing and exporting company (Free Zone)	Jordan	100%	Motor oil and lubricants distribution
Jordan modern food trading company	Jordan	100%	Trading
Aqaba bulk chemicals company	Jordan	55%	Logistic services

3) LEASES

Set out below, are the carrying amounts of the Company's, right-of-use assets and lease liabilities and the movements during the year ended 30, September 2020:

	Right of use assets JD	Lease Liabilities JD
At 1 January 2019	12,599,888	12,364,393
Depreciation	(683,047)	-
Finance costs	-	770,021
Payments	-	(1,299,397)
Additions for the period	2,743,485	2,743,485
At 31 December 2019	14,660,326	14,578,502

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020

	30 September 2020
	JD
	(Unaudited)
Lease liabilities due within one year	1,370,482
Lease liabilities-Long term	13,208,020
	<u>14,578,502</u>

(4) LANDS, PROPERTY AND EQUIPMENT

The Group has purchased property, plant and equipment amounting to JD 3,164,198 during the nine months period ended 30 September 2020 (30 September 2019: JD 6,612,856).

Included in this account, lands and buildings with a book value of JD 160,743,393, that are mortgaged against the Group's credit facilities as at 30 September 2020.

(5) CASH AND CASH EQUIVALENT

For the purposes of preparing the interim cash flow statement, cash consists of the following:

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand	819,564	1,093,706
Cheques with maturities less than one month	14,080,240	25,508,877
Cash at banks	4,653,467	2,956,797
	<u>19,553,271</u>	<u>29,559,380</u>
Less: due to banks (Note 6)	(36,492,057)	(29,099,044)
	<u>(16,938,786)</u>	<u>460,336</u>

**AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020**

(6) RELATED PARTIES TRANSACTIONS

The related parties' transactions represent major shareholders and key management personnel of the Group and the companies in which they are major shareholders. The Group's management determines the prices and conditions of these transactions.

The nature of balances with related parties are as follows:

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Due from related parties*		
Manaseer industrial complex Co. (sister company)	35,841,278	21,313,026
Advanced transport and land shipping services company LTD (sister company)	15,536,466	15,235,919
Developed crushers company LTD (sister company)	9,064,916	8,505,900
Manaseer group for industrial and commercial investments (parent company)	1,766,766	-
Magnisia Jordan limited shareholding company (sister company)	1,841,143	1,839,701
United iron and steel manufacturing company PLC (sister company)	-	1,535,722
Jordan modern company for high information technology (sister company)	447,710	453,002
Roaa spare parts and maintenance (sister company)	545,481	415,469
Jordan modern ready-mix concrete company LTD (sister company)	40,407	328,421
Al Bunyan for cement and concrete products manufacturing company LTD (sister company)	228,062	247,894
Al Adiyat agriculture company (sister company)	266,193	251,275
Distinguished mining company (sister company)	213,712	213,712
Jena for mining company (sister company)	32,273	51,720
Modern company for mining (sister company)	116,796	116,796
Jordan modern food and industries company (sister company)	12,176	-
Al Bunyan for marble and granite (sister company)	-	8,523
Jordan modern international trade company LTD (sister company)	8,012	19,331
Modern field of iron scrap company (sister company)	-	6,965
Leading mining company (sister company)	6,290	6,290
Manseer charity (sister company)	3,050	6,408
Jordan first modern logistics (sister company)	-	1,662
Jordan modern advanced chemical industries company LTD (sister company)	6,785	2,143
Jordan modern chemical technology company (sister company)	3,500	3,000
Trust company for cement industries (sister company)	438	345
	<u>65,981,454</u>	<u>50,563,224</u>

* The required balances from related parties are non-interest bearing and have no maturity date.

**AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020**

	30 September 2020	31 December 2019
	JD	JD
Due to related parties*	(Unaudited)	(Audited)
Khalid Ahmad Al Jafali (partner in a subsidiary)	612,294	612,294
Suhail Ghaleb Shukri Al Farouqi (partner in a subsidiary)	612,226	612,226
Afaq company for importing and storage (partner in a subsidiary)	570,709	570,709
Al Adiyat Al Sereea machinery trading company (sister company)	159,164	97,861
Manaseer for commercial services (sister company)	17,724	-
Jordan first modern logistics (sister company)	2,349	-
Jordan modern food and industries company LTD (sister company)	-	7,913
Manaseer group for industrial and commercial investments company (Parent company)	-	2,040,237
Al Bunyan for marble and granite (sister company)	1,200	-
Modern field of iron scrap company (sister company)	72	-
	<u>1,975,738</u>	<u>3,941,240</u>

* The required balances to related parties are non-interest bearing and have no maturity date.

Transactions with related parties included in the interim consolidated statements of comprehensive income are as follows:

	30 September 2020	30 September 2019
	JD	JD
	(Unaudited)	(Unaudited)
Expenses charged by head office	230,190	158,510
Oil and fuel sales	<u>11,931,981</u>	<u>10,376,674</u>

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020

Property and equipment

The Group didn't purchase property and equipment and construction projects with related parties for the period ended 30 September 2020 (30 September 2019: JD 1,728,852).

Below is the summary for compensation paid to key management personnel:

	30 September 2020	30 September 2019
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and benefits	100,440	96,977

(7) DUE TO BANKS

		Balance as at	
	Credit limit	30 September 2020	31 December 2019
	JD	JD	JD
		(Unaudited)	(Audited)
Capital Bank of Jordan	1,000,000	968,216	985,157
Société General Bank	1,500,000	1,125,604	1,511,685
Arab Jordan Investment Bank	20,970,000	20,520,412	12,032,395
Jordan Kuwait Bank	1,000,000	961,426	976,577
Arab Bank	10,000,000	7,513,614	7,646,844
Bank Al-Etihad	1,000,000	937,088	962,478
Housing Bank for Trading and Finance	5,000,000	4,465,697	4,983,908
	40,470,000	<u>36,492,057</u>	<u>29,099,044</u>

These facilities are guaranteed by a first-class mortgage on lands of Jordan Modern Oil and Gas Services Company (a Subsidiary), in addition to the personal guarantee of the Chairman of the board of directors, the interest rates on overdrafts ranges from 8% to 9.25%.

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020

8) LOANS AND MURABAHA

	30 September 2020		31 December 2019	
	Short term	Long term	Short term	Long term
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Capital Bank of Jordan – loans JD	5,166,104	9,359,000	4,643,929	12,184,162
Société General Bank Jordan – loans JD	1,624,525	1,620,000	2,481,159	2,160,000
Arab Jordan Investment Bank loans- JD	3,831,515	5,889,343	5,201,315	7,772,944
Jordan Kuwait Bank loans- JD	5,584,908	10,254,216	5,578,656	13,043,545
Standard Chartered Bank revolving loan - USD	38,884,033	-	37,675,220	-
Standard Chartered Bank revolving loan - JD	13,000,000	-	7,000,000	-
Islamic International Arab Bank– JD	813,062	119,557	621,064	622,088
Jordan Ahli Bank loans – JD	1,976,089	450,611	2,000,160	1,426,620
Bank of Jordan loans – JD	2,419,242	3,557,970	2,000,000	4,483,333
Bank Al-Etihad loans - JD	2,748,000	5,275,000	2,748,000	5,962,000
Bank Al-Etihad revolving – JD	16,473,781	-	27,876,117	-
Housing Bank for Trading and Finance – JD	4,479,455	3,471,300	2,083,333	2,343,567
	<u>97,000,714</u>	<u>39,996,997</u>	<u>99,908,953</u>	<u>49,998,259</u>

These loans are guaranteed by a first class mortgage on the lands owned by Jordan Modern Oil and Fuel Services Company (a subsidiary), as well as the personal guarantee of the Chairman of the Board of Directors, and have interest rates that ranges from (8.25% – 9.25 %) for Jordanian Dinar loans and USD Dollar loan have an interest of 4%.

The amounts of annual principal payments and maturities of long-term loans and Murabaha are as follows:

Year	JD
2021	5,215,630
2022	18,671,508
2023 and after	16,109,859
	<u>39,996,997</u>

Change in loans and banking facilities during the period are as follows:

	1 January 2020	Utilized	Repayments	30 September 2020
	JD	JD	JD	JD
Loan and murabha	149,907,212	425,705,349	(438,614,850)	136,997,711
Due to banks	29,099,044	81,347,316	(73,954,303)	36,492,057

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020

(9) INCOME TAX

Movement on income tax provision is as follows:

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	2,149,051	1,368,150
Income tax paid	(2,149,051)	(2,209,668)
Income tax and national contribution charge for the period/ year	<u>2,031,307</u>	<u>2,990,569</u>
Balance at the ending of the period/ year	<u>2,031,307</u>	<u>2,149,051</u>

Income tax in the interim condensed consolidated statements of comprehensive income represents the following:

	30 September 2020	30 September 2019
	JD (Unaudited)	JD (Unaudited)
Income tax expense from the prior years	2,031,307	-
Income tax expense for the period	<u>-</u>	<u>1,684,842</u>
	<u>2,031,307</u>	<u>1,684,842</u>

The Income sales during the third quarter has reviewed the company's records for the years 2015 till 2018 and has resulted in difference in favor of the department.

The income tax and is calculated for the period ended 30 June 2020 and 30 June 2019 in accordance with income tax law no. (38) of 2018.

Afaq For Energy:

The Company reached a final settlement with the Income and Sales Tax Department until the year 2009. The Company has submitted its income tax declarations for the years from 2010 to 2019 but has not been reviewed by the Income and Sales Tax Department up to the date of these interim condensed consolidated financial statements.

Jordan Modern Oil and fuel Services Company (a subsidiary)

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2018. The Company submitted its income tax declaration for the year 2019 but the Income and Sales Tax Department did not review them up to the date of these interim condensed consolidated financial statements.

The branch in Aqaba Special Economic Zone reached a final settlement with Income and Sales Tax Department up to 2018 and submitted the income tax declarations for the year 2019, but the Income and Sales Tax Department did not review them up to the date of these interim condensed consolidated financial statements.

Jordan Modern Food Trading Company/ Lumi Market (a subsidiary)

The Company reached a final settlement with the Income and Sales Tax Department from 2013 to 2018. The Company submitted its income tax declarations for the year 2019 but the Income and Sales Tax Department did not review them up to the date of these interim condensed consolidated financial statements.

Jordan Modern Importing and Exporting Company (Free Zone) (a subsidiary)

The Company submitted its income tax declarations for the years from 2012 to 2019, but the Income and Sales Tax Department did not review them up to the date of these interim condensed consolidated financial statements.

Aqaba Bulk Chemicals Company (subsidiary):

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2017, the Company submitted its income tax declarations for the years 2018 and 2019, but the Income and Sales Tax Department did not review them up to the date of these interim condensed consolidated financial statements.

(10) EARNINGS PER SHARE FOR THE PERIOD

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to the shareholders	3,817,727	1,552,395	(11,852,218)	8,491,974
Weighted average number of shares	110,000,000	110,000,000	110,000,000	110,000,000
	<u>(JD/ Fills)</u>	<u>(JD/ Fills)</u>	<u>(JD/ Fills)</u>	<u>(JD/ Fills)</u>
Basic and diluted earnings per share	<u>0/034</u>	<u>0/014</u>	<u>(0/108)</u>	<u>0/077</u>

(11) LEGAL RESERVES

The company did not apportion statutory reserve according to the Jordanian Companies Law as these are interim financial statements.

Dividends:

The general assembly approved in its meeting held on 2 June 2020, the distribution of cash dividends to shareholders amounting to JD 13,200,000 representing 12% of the paid in capital on 2019 results (2019: JD 8,250,000 representing 7.5% of the paid in capital on 2018 results).

**AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020**

(12) CONTINGENT LIABILITIES

Bank Guarantees

The Group contingent liabilities in the form of bank guarantees to JD 4,849,000 as at 30 September 2020 (31 December 2019: JD 4,632,386).

Legal cases

There are legal cases raised against Jordan Modern Oil and Fuel Services Company (a subsidiary) in the normal course of business amounting to JD 406,310 as at 30 September 2020. According to the Group's management and legal advisor, there will be no material liability as a result of these lawsuits.

Capital expenditures

The Group entered into projects for construction of gas stations. The expected remaining cost to complete these projects is JD 4,504,220 as at 30 September 2020 (31 December 2019: JD 16,548,615).

(13) SEGMENT INFORMATION

For management purposes, the Group is organized into four major business segments in accordance with the reports sent to chief operating decision maker:

- Oil and Fuel.
- Import and Export.
- Food trading
- Fuel storage

The revenues, profits, assets and liabilities of the business segments are as follows:

	Afaq JD	Oil and Fuel JD	ABCCO JD	Import and Export JD	Food Trading JD	Total JD (Unaudited)
For the nine months ended 30 September 2020						
Revenue-						
Revenues	-	439,271,128	1,305,006	5,764,415	10,253,401	456,593,950
Cost of revenues	-	(435,744,202)	(769,740)	(5,152,398)	(9,808,376)	(451,474,716)
Gross profit	-	3,526,926	535,266	612,017	445,025	5,119,234
Segments results-						
Profit (loss) before tax	(254,639)	(10,157,641)	3,459	523,221	66,246	(9,819,354)
Other segments information-						
General and administrative expenses	(254,639)	(3,480,653)	(486,625)	(88,796)	(689,038)	(4,999,751)
Expected credit losses	-	(926,240)	(16,591)	-	-	(942,831)
Gain from disposal of property and equipment	-	77,842	(715)	-	-	77,127
Other income	-	185,637	12,001	-	310,720	508,358
Financing costs	-	(9,541,153)	(39,877)	-	(461)	(9,581,491)
Gain of financial assets at fair value through profit or loss	-	(2,031,307)	-	-	-	(2,031,307)

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020

	Afaq	Oil and Fuel	ABCCO	Import and Export	Food Trading	Total
	JD	JD	JD	JD	JD	JD
(Unaudited)						
For the nine months ended 30 September 2019						
Revenue-						
Revenues	-	642,836,900	1,470,417	6,629,391	8,007,788	658,944,496
Cost of revenues	-	(616,989,632)	(451,656)	(5,732,107)	(7,785,973)	(630,959,368)
Gross profit	-	25,847,268	1,018,761	897,284	221,815	27,985,128

Segments results-

Profit (loss) before tax	(261,463)	9,149,157	653,178	831,395	98,479	10,470,746
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Other segments information-

General and administrative expenses	(263,344)	(3,692,102)	(545,869)	(91,850)	(741,402)	(5,334,567)
Expected credit losses	-	(759,047)	-	-	-	(759,047)
Gain from disposal of property and equipment	-	105,659	-	-	874	106,533
Other income	1,881	571,524	271,228	27,964	618,983	1,491,580
Financing costs	-	(12,924,145)	(90,942)	(2,003)	(1,791)	(13,018,881)

	Afaq	Oil and Fuel	ABCCO	Import and Export	Food Trading	Eliminations	Total
	JD	JD	JD	JD	JD	JD	JD
(Unaudited)							

As at 30 September 2020

Assets and liabilities-

Segment assets	140,184,370	437,980,382	9,042,493	10,104,909	4,797,781	(112,413,019)	489,696,916
Segment liabilities	15,010,116	353,708,240	4,951,876	2,456,305	3,374,676	(18,711,730)	360,789,483

As at 31 December 2019

Assets and liabilities

Segment assets	151,682,313	444,197,683	9,698,660	8,485,878	3,119,735	(110,339,184)	506,845,085
Segment liabilities	1,455,842	347,736,583	5,872,828	1,360,494	2,546,325	(6,085,081)	352,886,991

(14) SIGNIFICANT EVENTS OF THE OUTBREAK OF CORONAVIRUS (COVID-19)

As a result of coronavirus pandemic on the global economy and different businesses and the accompanied constraints imposed by the Jordanian government and surrounding countries, various products markets; supply chains and international oil prices were affected by that. Accordingly, the core operating activities of the Group has been disrupted with these procedures and events, especially that, the Group primarily depends on selling fuels products.

The prime ministry of Jordan passed the following legislative orders during the period to minimize the effect of the pandemic on companies, individuals and public health, these had directly or indirectly affected the Group's operations and performance.

1. Defense Order No.1 suspends certain provisions for Social Security Law No. 1 of 2014 and its amendments and the regulations applied by the Social Security Corporation. This including suspending the application of old-age insurance for the months of March, April and May of 2020 for those subject to the Jordanian Labor Law in the private sector.
2. Defense Order No.2 involves mandatory curfew to be imposed on people all over the country from Saturday 7:00 am, 21 March 2020 until 10 May 2020.
3. Defense Order No.6 determines the wages of workers in private sector and any other organization subject to the Jordanian Labor Law.

Other orders were issued by various governmental bodies to assist the continuity of different economic sectors and reduce the financial burden on them. Examples include the following:

1. The Central Bank of Jordan's order that compel all Jordanian banks to postpone loan installments due on companies and individuals without imposing any penalties or financial burdens on them.
2. The Central Bank of Jordan's order to lower interest rates on credit facilities.
3. The Central Bank of Jordan's order to lend credit facilities to the public and private sectors at low interest rates to finance their operations.
4. The Central Bank of Jordan not to enlist clients who had bounced cheques on the blacklist or charge them with commission for the period from 18 March 2020 to 30 June 2020 and give them 3 months grace period of to settle their dues.

The following is a summary of the overall impact from the above orders on the Group's activities:

- The Governmental lockdown procedures during the period from 21 of March 2020 to 10 June 2020 resulted in decreasing the Companies sales by JD 130,437,362 equivalent to 32% compared to the same period of the previous year.
- The pandemic resulted in drop in the global oil prices, consequently the local prices were decreased between 12.9% to 16.2% on 1 April 2020, and between 9% to 15% on 1 May 2020 compared to the previous month. Accordingly, the Group incurred a valuation loss on fuel stock by JD 14,034,067 during the period from 30 June 2020 to 30 June 2020.
- The Central Bank's order not to enlist clients who had bounced cheques on the blacklist or charge them with commission resulted in a decrease in the Group's collections during the period from 18 March 2020 till 30 June 2020 and increased the expected credit losses by JD 926,240.
- The Central Bank of Jordan order for Jordanian banks to postpone due loan instalments for the months of March, April and May Of 2020, resulted in deferring JD 5,552,387 of the Group's due loan installments until the end of the loans' maturity.
- The Ministry of Finance deferred JD 46 million that represent taxes due from the Group on the months of March, April and May by 6 months in order to reduce financial burden on the them.
- The Group did not apply Defense Order No. 6, which determine and reduce the wages for workers in the private sector for the months of April and May 2020, and it paid the full salaries to all employees.
- The Group obtained rents holiday to certain lands and warehouses during the lockdown period for the months of April and May 2020 amounting to JD 32,127.
- The banks have reduced their interest on facilities granted for the group by 1.5%.

The management of the Group believes that the impact of the Coronavirus pandemic on the operations would be temporary. Also the management applied all necessary actions to ensure public safety and the continuity of the operations.