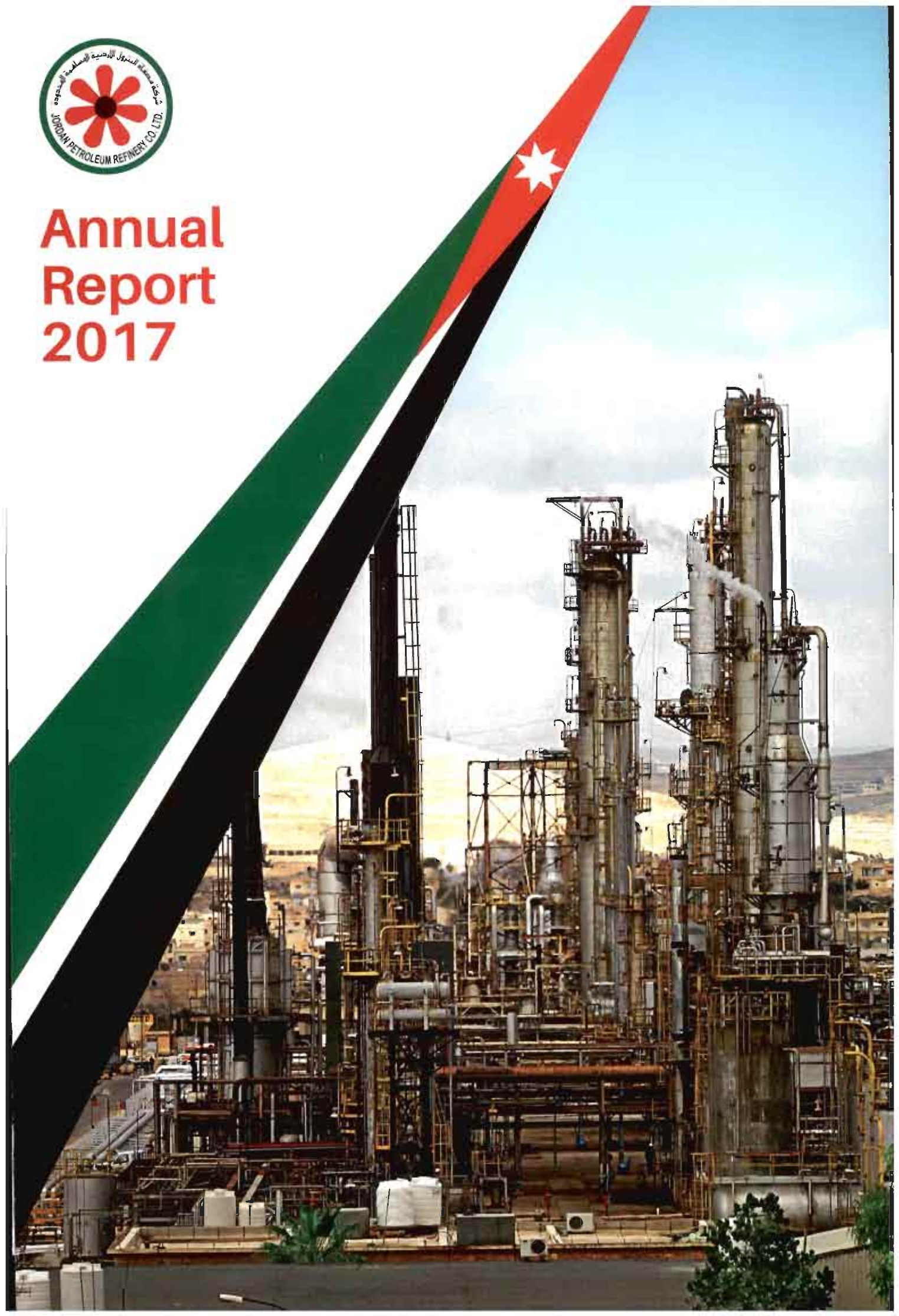




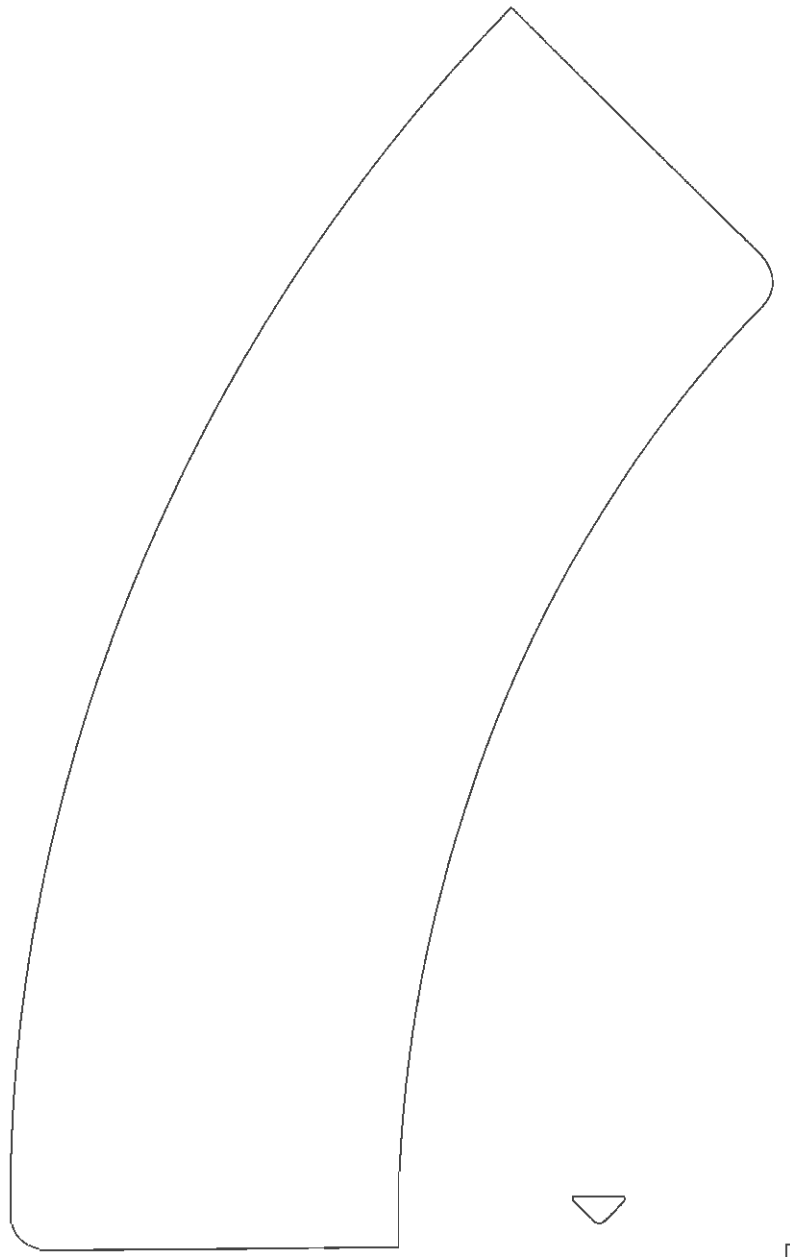
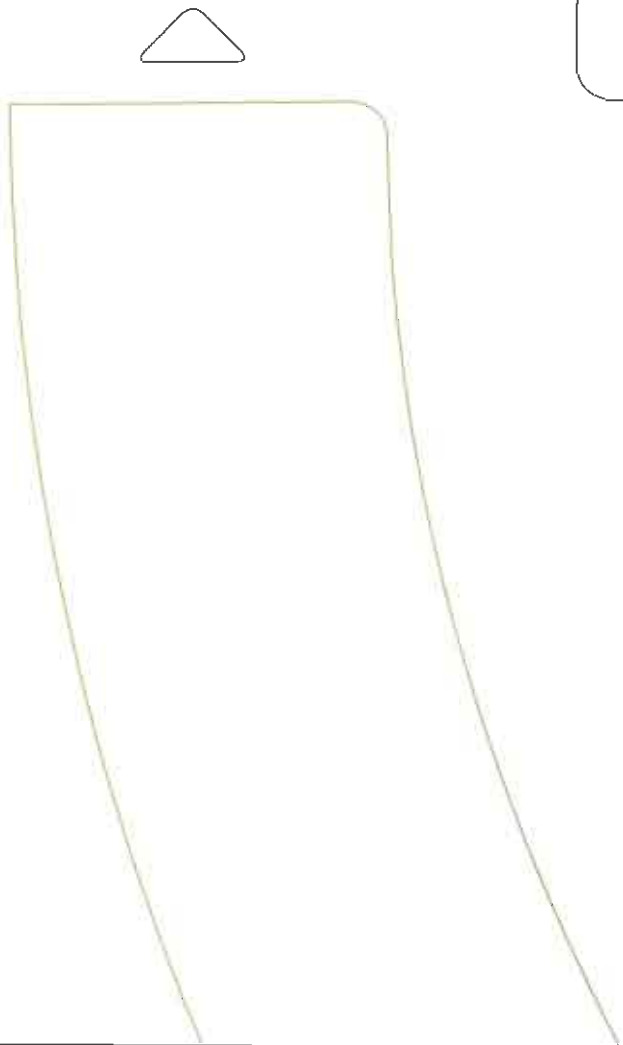
Annual Report 2017





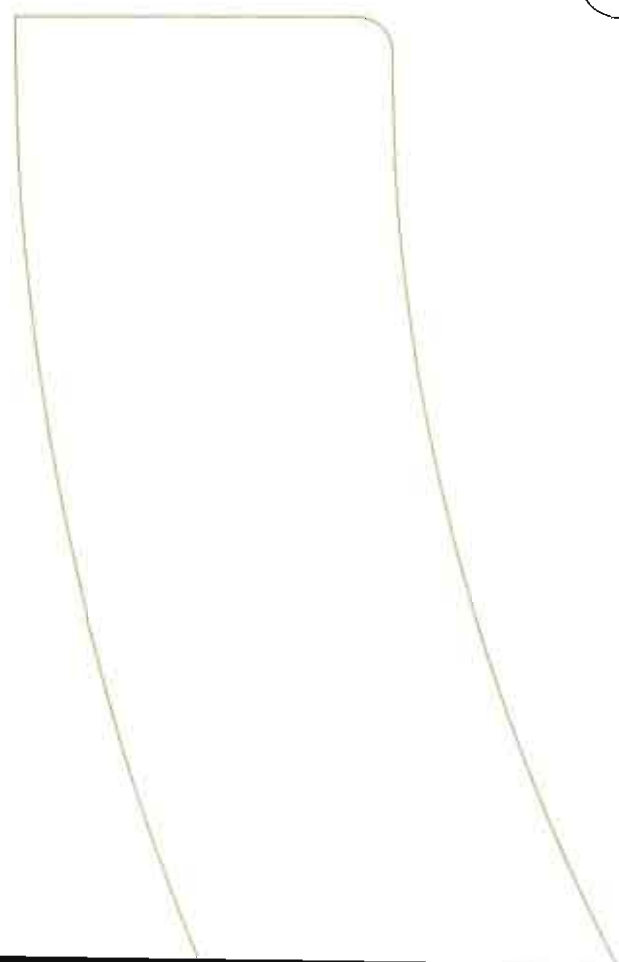
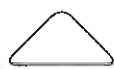
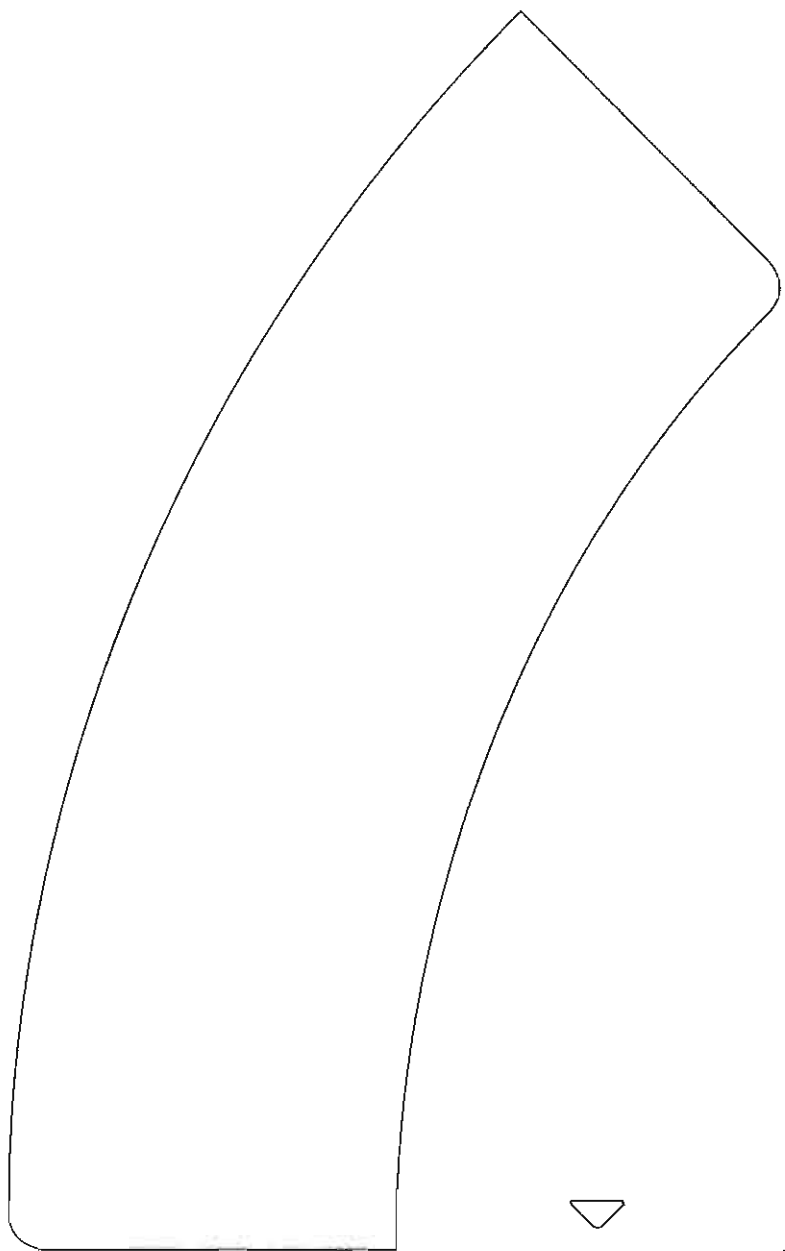
Annual Report 2017







His Majesty
King Abdullah II Bin Al Hussein





His Royal Highness
The Crown Prince
Prince Hussein bin Abdullah II



**Focus on Continuous
Creativity and Adapting
Advance Technology to
Increase Production
Efficiency and Maximizing
Profitability**



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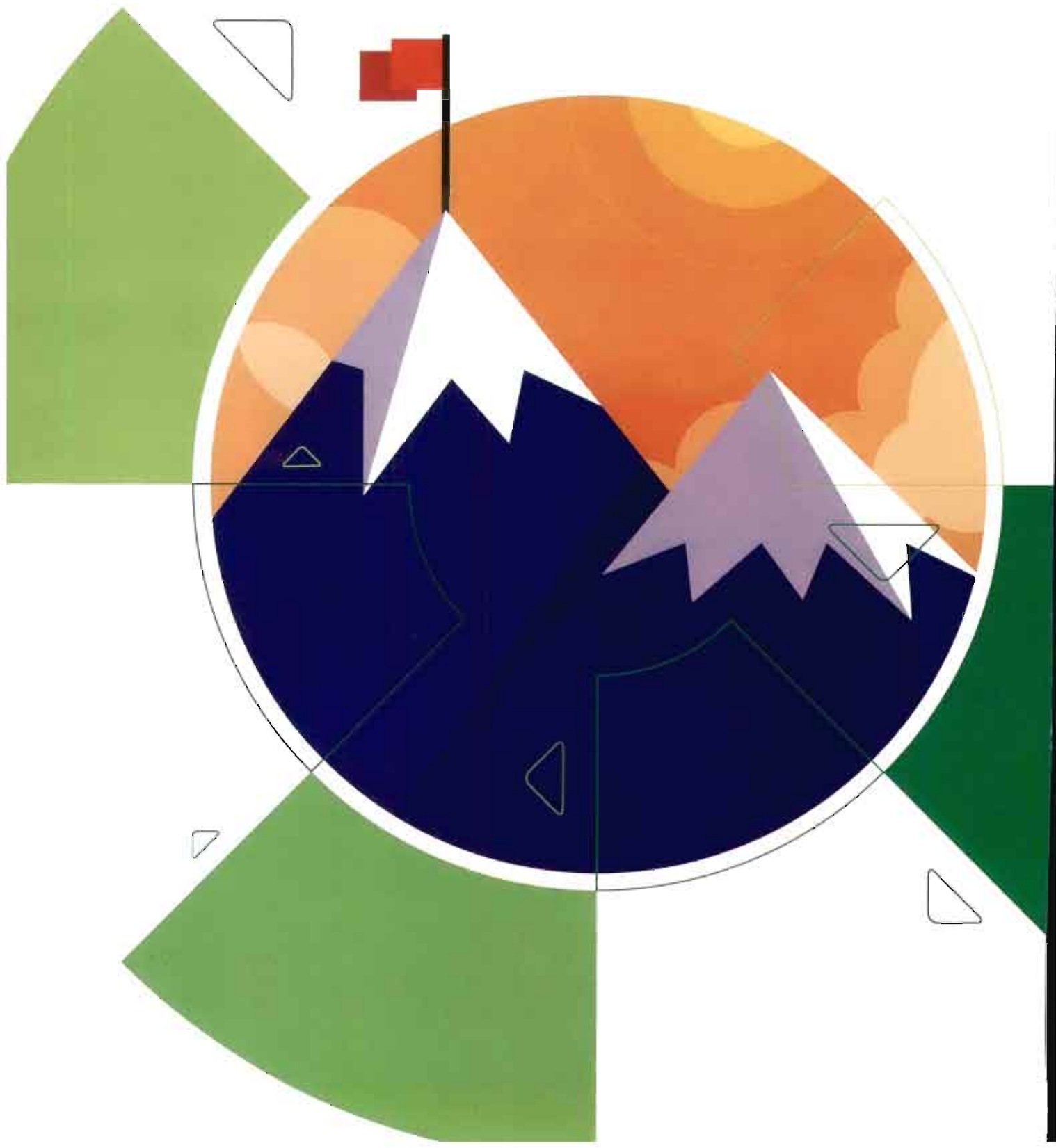
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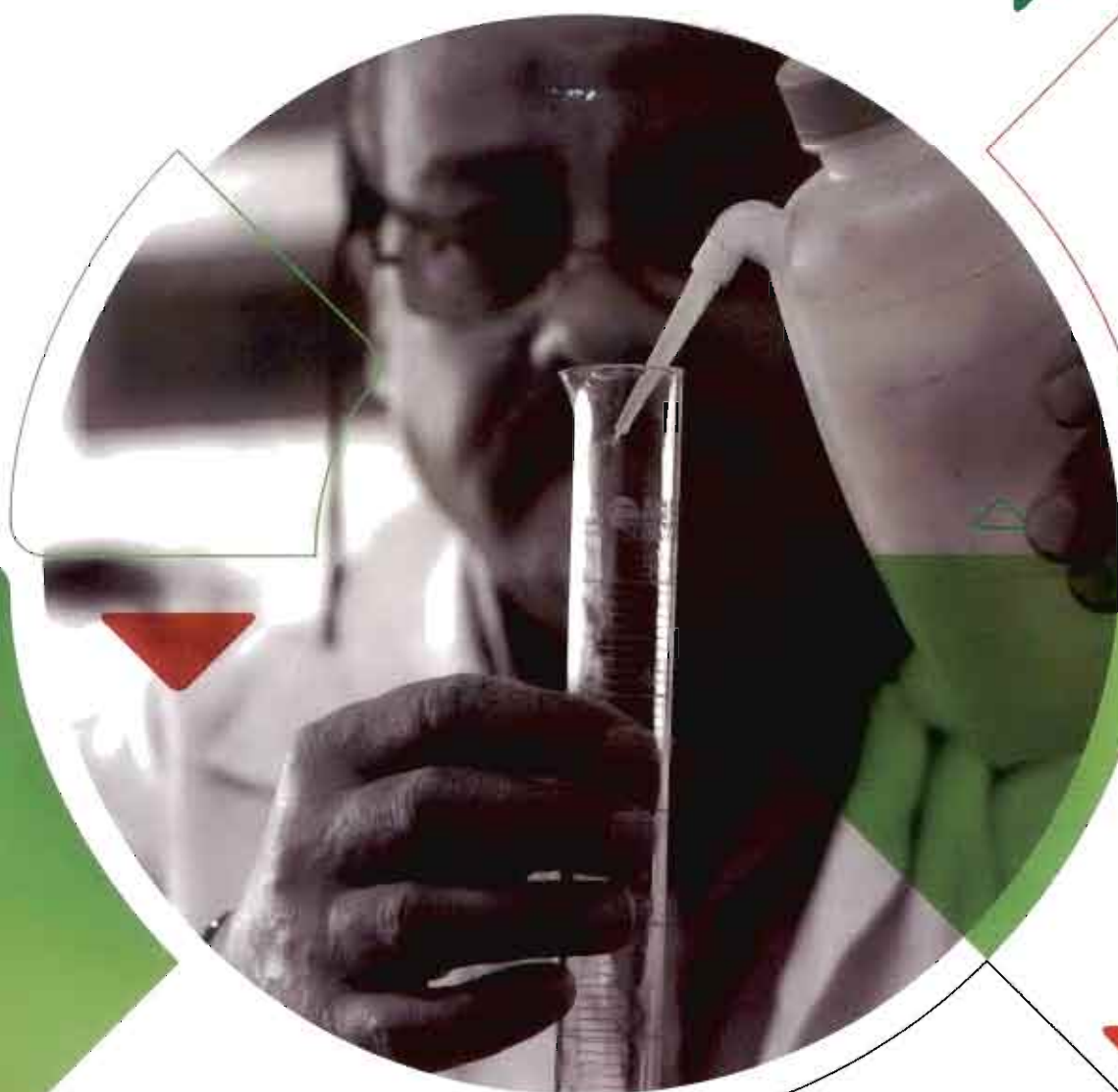
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The Recommen-
dations of the
Board of Directors

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The Consolidated Financial Statements For
The Year Ended 31 December 2017 Are
Added To The Independent Auditor's Report





Board of Directors

 **Chairman:**
Mr. Walid Mithkal Asfour

 **Deputy Chairman:**
Eng. Omar Ashraf AlKurdi

Members

-  Eng. Alaa Arif Batayneh
-  Eng. Abdel AlRahim Fathi Boucai
-  Mr. "Mohammad Majed" Allan
(Representative of Al Samaha for Finance and Investment)
-  Dr. Nabih Ahmad Salameh
-  Mr. Bassam Rashad Sinokrot
-  Eng. Khair Abdullah Abu Saalik*
-  Mr. Khalid Mohammad Habib**
(Representative of the Islamic Development Bank- Jeddah)
-  Eng. Shakib Odetallah**
(Representative of the Pension Fund of the Engineers Association)
-  Mr. Saeed Abdullah Shanan
(Representative of The Social Security Corporation)
-  Mr. Ahmad Adnan Alkhudari****
(Representative of Amman Chamber of Industry)
-  Dr. Samer Ibrahim Mofleh*****
(Representative of the Social Security Corporation)

 **Chief Executive Officer:**
Eng. Abdel Karim Alawin

 **Financial Auditors:**
Deloitte & Touch Company -Middle East /Jordan

- * Eng. Khair Abdullah Abu Saalik was elected on the 28th of April 2017 as an independent member.
- ** Eng. Suleiman Abdel Razzaq Al-Daoud Resigned on the 27th March 2017.
- ** Membership of Mr. Khalid Bin Mohammad Habib / Representative of the Islamic Development Bank of Jeddah/ ended on the 12th of March 2018, and Mr. Jamil Ali Darras was appointed as his replacement.
- *** Eng. Shakib Oudetallah was appointed in place of Eng. Khair Abdullah Abu Saalik as the Representative of the Pension Fund of the Engineers Association on the 6th of April 2017.
- **** Mr. Ahmad Adnan Alkhudari was appointed in place of Mr. Adnan Abdel Karim Ghaith as the Representative of Amman's Chamber of Industry on the 10th of January 2017.
- ***** Dr. Samer Ibrahim Mofleh was appointed in place of Dr. Hesham Saleh Gharaibeh as the Representative of the Social Security Corporation on the 1st of August 2017.

Chairman's Statement



Dear Honored Shareholders,,,

On behalf of the Board of Directors I am pleased to welcome you all and thank you for attending the 62nd General Meeting and to present the 62nd Annual report for Jordan Petroleum Refinery Company, including the Company's most important Achievements and Activities for the year 2017 in addition to the Audited Consolidated Financial Statement for the fiscal year ended 31/12/2017 and the company's Future Plans.

Dear Honored Shareholders,,,

Due to the near end of the transitional period (which was agreed with the government in the minutes of meeting regarding the future of the company's business held at the end of 2012) on the first of May 2018, the company continues its discussions with the government to reach an agreement on ending the relationship between the two parties so that the repayment of debts owed by the government and its institutions is scheduled, and a fair commission of the LPG activity covering its costs and achieving a fair profit is established, and to continue with the company's refining activity in parallel with the milestone execution of the Fourth Stage Expansion Project. As for the fourth expansion project, the company continued its work in this regard in line with its ambitious vision to ensure its achievement, in which the company aims to increase production and improve the quality of its products from oil derivatives to conform to local and international specifications to ensure the greatest possible return for shareholders, this included signing agreements with two International American Companies (UOP) and (KBR) to prepare the Basic Designs for the project units which will be licensed to use the technology owned by the two companies, in addition, (15) companies were invited to qualify for Front End Engineering Design (FEED), where (9) companies have been qualified, (5) of which have submitted offers currently under consideration to select the most appropriate offer for this task, the company will continue to benefit from its internal capabilities and cooperation with subsidiaries and seek to build strategic partnerships with those who have expressed interest in the project in order to ensure its success.

Dear Honored Shareholders,,,

By reviewing the financial statements of the Company in 2017, we notice that the value of the Company's sales increased by (1%) to be JD (1.778) billion, compared to JD (1.762) billion in 2016 due to the increase in the prices of sold petroleum products. The Company achieved a JD (32.9) million net profit after tax in 2017 compared to JD (34) million in 2016 showing a decrease of (3%) mainly due to the decrease in the profits of the lube oil business by JD (1.6) million and an increase in the profits of the Petroleum Products Marketing Company by around half a million JD. The Company's total assets value increased to JD (1.368) billion compared to JD (1.243) billion in 2016 amounting to a total increase of about JD (125) million, this is mainly attributed to an increase in crude oil and petroleum products stock by JD (96.7) million and an increase in accounts receivable by JD (12.7) million, and an increase in fixed assets and equipment value by JD (23.5) million, against a decrease in deferred tax assets value by JD (500) thousand, a decrease in value of investment property and financial assets at fair value by about JD (600) thousand, the value of intangible assets decreased by JD (3) million, and the cash balance in hand at banks decreased by an amount of JD (3.8) million.

The company's current liabilities increased in 2017 by JD (105) million compared to 2016, this was due to the increase in the item of creditor banks by JD (108.4) million and the decrease in credit balances and other credit balances by JD (2) million and the increase in liabilities against financing contracts by JD (1.4) million, and a decrease in the provision of income tax by about (2.8) million dinars. The company's long-term liabilities increased by JD (2.6) million as a result of the increase in liabilities against financing contracts amounting to JD (7.3) million and the decrease in fees due to the Ministry of Energy and Mineral Resources amounting to JD (4.3) million, and the decrease in the amount required for the fund, compensation, and end of service indemnity by about JD (400) thousand.

Dear Honored Shareholders,,,


I am pleased after reviewing the results of the company's business activities and net profit for the year 2017 to inform you that the Board of Directors decided to recommend to your General Assembly the approval of distribution of a cash dividend to shareholders by (20%) of the paid capital.

In conclusion, I would like to thank our esteemed government looking forward to their support enabling us to continue to perform our mission as a strategic national company contributing to the security of energy supplies in the kingdom, I also extend my thanks and appreciation to all those who collaborated with the company, special thanks to the shareholders and the company's valued customers for their precious trust that remains the key incentive for us to maintain and further improve and strengthen the company's development.

I would like also to express my deepest appreciation to my colleague members in the Board of Directors for their role and continued support towards the development of the company and its continued prosperity, and thanks go to the management and executive managers and employees for their permanent perseverance and sincere efforts in the company's service to ensure the progress and continual development.

Moreover, I would like to seize this opportunity to express my deepest appreciation and gratitude for your support and trust, insuring you that the company will continue to implement ambitious projects bringing benefit to the shareholders and employees to remain, as always, an economic monument and a strong tributary of the national economy, hoping to continue in serving our Country under the patronage of His Majesty King Abdullah II, God bless him and keep him an asset to our country and our nation.

Walid Asfour
Chairman of the Board of Directors



Annual Report of the Board of Directors Jordan Petroleum Refinery Co.

(A Public Shareholding Limited Company)

Dear Honored Shareholders,,,

The Board of Directors is pleased to present to you its Sixty Second Annual Report including the most important Activities and Achievements of the Company, the Company's Financial Statements for the Year ended on 31st December 2017.



First: Company's main activities:

- Refining and Importing.
- Storage.
- Transportation and Distribution (Through the Jordan Petroleum Products Marketing Company owned by JPRC).
- LPG Filling and Bottling.
- Jet Fuel Refueling.
- Lube Oil Manufacturing.

Second: Production, Import and Sales

- Quantities of petroleum products imported by the Company during 2017 amounted to (1,333,014) tons against (1,949,322) tons in 2016, representing a decrease of (616,308) tons or (31.6%) mainly due to the decrease in amounts of diesel and gasoline (95) fuel imports, following the start of the three Petroleum Products Marketing Companies importing these products directly.
- Quantities of crude oil processed amounted to (2,787,557) tons in 2017 against (2,996,407) tons in 2016, representing a decrease of (208,850) tons or (7%).
- Petroleum products are imported and produced following their approved specifications, and it is clearly evident in the company's future plans for the fourth expansion project the extreme importance and highest priority the company has set for itself to improve these specifications to be in line with the international norms.
- In regard to competitiveness, the three Petroleum Products Marketing Companies began importing to the kingdom shipments of diesel in May 2016, and shipments of gasoline (95 Octane) in December 2016.
- The Company's sales of petroleum products during 2017 amounted to (3,742,067) tons against (4,661,026) tons in 2016, representing a decrease of (918,959) tons or (20%) due to the decrease in uplifting of petroleum products by the three Petroleum Products Marketing Companies after their start of direct import of diesel and Gasoline (95).

The Sales of Petroleum Products in the year 2017 compared with 2016 are as follow:

Material	Percentage %
Gasoline sales decreased by	11.1%
Kerosene sales decreased by	16%
White spirit sales decreased by	49.2%
Diesel sales decreased by	45.4%
LPG sales increased by	3.4%
Fuel Oil sales decreased by	17.3%
Jet Fuel sales increased by	14.4%
Asphalt sales decreased by	4.1%
Avgas Fuel sales decreased by	21.9%
Sulfur sales decreased by	39.6%

Third: Future plan:

Due to the near end of the transitional period which was agreed with the Government in the minutes of meeting regarding the future of the company's business held at the end of 2012 on the first of May 2018, the company continues its negotiations with the Government to reach an agreement on ending the relationship between the two parties, these discussions involved several vital issues including:

- A. Scheduling the repayments of debts owed by the company to the Government and its Institutions.
- B. Establishing a fair commission for the LPG activity covering its costs and achieving a fair profit.
- C. To continue with the company's refining activity in parallel with the milestone of executing of the Fourth Stage Expansion Project.

and it is expected to reach to an agreement on these issues and other issues related to the relationship between the two parties soon.

As for the Fourth Expansion Project, the two American companies (UOP) and (KBR) have been assigned to prepare the basic designs for the project units which will be licensed to use the technology owned by the two companies, in addition, (15) companies were invited to qualify for the detailed design stage Front End Engineering Design (FEED), where (9) companies have been qualified, (5) of which have submitted offers currently under consideration to select the most appropriate offer for this task.

The party selected for the (FEED) design project, in coordination with the company, will contact the Financiers, including Export Credit Agencies (ECAs), Banks and others. While communications with those interested in financing this project continues.

The (FEED) contractor is expected to be selected by the end of next May at the latest.

The Petroleum Products Marketing Company also continues its activities with regard to the construction of new fuel stations in various regions of the Kingdom, new stations have been opened in Amman, Jerash, Irbid and Jordan Highway Road, Amneh Armoty station in Amman has been modernized and opened. As for its Future Plan, no less than (10) new stations either owned (100%) or partnership, leased, or under the management of the Petroleum Products Marketing Company spread throughout the Kingdom will be opened during the year 2018.

In terms of the Lube oils blending activity, efforts continue to market the company's products of various types of oils, both inside and outside the Kingdom, relying on the high quality of our products. Agreements have been signed for exclusive agencies in Iraq and there are negotiations on export to some African countries.

Fourth: Analysis of the Financial Position and Outcome of Activities in 2017:

The volatility of crude oil prices continued during the year 2017, the average price per barrel of oil reached \$(53.31) compared with an average price of \$ (41.81) during the year 2016 showing an increase of about \$(11.5) per barrel or (28%), in addition to an increase in the price of imported petroleum products resulting in an increase in the cost of sales by JD (68) million.

The Following is a concise analysis of the costs and income for the year 2017 as compared with 2016:

1-Sales:

Comparing the company sales for the year 2017 with 2016 showed that the Company sales value increased from JD (1.762) billion in 2016 to JD (1.778) billion in 2017 representing a increase of JD (16) million or (1%) due to the increase in the prices of petroleum products sold.

2-Crude Oil & Raw Materials:

The cost of crude oil and actual raw materials used in production increased from JD (721) million in 2016 to JD (868) million in 2017 representing an increase of JD (147) million or (20%) due to the increase in price of crude oil barrel from \$(41.81) in 2016 to \$ (53.31) in 2017 despite a decrease in the quantities of imported crude oil by (208.85) thousand tons or (7%).

3-Imported Petroleum Products:

The cost of imported petroleum products increased from JD (725.5) million in 2016 to JD (767) million in 2017 representing an increase of JD (41.5) million due to the increase in the international price of petroleum products.

4-Costs:

Industrial costs decreased from JD (67.2) million in 2016 to JD (59.1) million in 2017 representing a decrease of JD (8.1) million.

As for the selling, distribution, and transportation expenses, there was a decrease from JD (51.6) million in the year 2016 to JD (50.9) million in 2017, representing a decrease of JD (700) thousand.

Administrative expenses decreased from JD (15.2) million in 2016 to JD (12.5) million in 2017 representing a decrease of JD (2.7) million.

Bank interests on loans increased from JD (17.5) million in 2016 to JD (21.2) million in 2017 representing an increase of JD (3.7) million due to the increase in bank interest rates on the Jordan dinar and US dollar.

Fifth: Analysis of the Company's Consolidated Financial Position for 2017:

A comparison of the financial position figures for 2017 with 2016 indicates that the total financial position increased from JD (1.243) billion to JD (1.368) billion, i.e. showing an increase of JD (125) million.

Following is a concise analysis of the assets and liabilities items on 31/12/2017 as compared with 2016:

Current Assets and Liabilities:

Accounts receivable and other debit balances increased from JD (850) million in 2016 to JD (862.7) million in 2017, representing an increase of JD (12.7) million, which was mainly due to a decrease in the debit balance of the Ministry of Finance reaching JD (159) million compared to JD (188) million in 2016, and to the decrease in the debit balance of Royal Jordanian Airlines reaching JD (47) million in 2017 compared to JD (69) million in 2016, against an increase in the debit balance of other governmental bodies and institutes reaching JD (327) million compared to JD (288) million in 2016, and an increase in the debit balance of Electric generating companies reaching JD (42) million in 2017 compared to JD (27) million in 2016.

The special tax deposits decreased by JD (2.7) million and the value of checks for collection decreased by JD (6.4) million, meanwhile the value of the indebtedness of other customers of the company increased by JD (12.8) million, in addition to the increase in funds in trust for the general sales tax by JD (6) million .

In addition, the inventory value increased from JD (220) million in 2016 to JD (316.7) million in 2017 representing an increase of JD (96.7) million as a result of the higher stock prices of crude oil and other products compared to the start of the year. The deferred tax assets value reached JD (6.9) million compared to JD (7.4) million in 2016.

The increase in current assets was encountered by an increase in the balances of the lending banks which increased from JD (495.2) million in 2016 to JD (603.6) million in 2017 representing an increase of JD (108.4) million, in addition the decrease in balances of creditors from JD (490.6) million in 2016 to JD (488.6) million in 2017, representing a decrease of JD (2) million.

Fixed Assets, equipment and machinery:

The book value for fixed assets, equipment, machinery and undergoing projects increased from JD (126.7) million in 2016 to JD (150.2) million in 2017 representing an increase of JD (23.5) million mainly representing the increase in land and property and equipment resulting from the purchase and/or sharing of new fuel stations and the start of the basic design phase for the fourth expansion project.

Shareholders' Equity:

Shareholders' equity increased from JD (192.3) million in 2016 to JD (204.5) million in 2017 representing an increase of JD (12.2) million, as a result of increasing the company's statutory reserve account from JD (40.5) million in 2016 to JD (41.7) million in 2017 representing an increase of JD (1.2) million which is due to deducting (10%) of the net profits before taxation as stated in the Companies act No. (22) For the year 1997 and its amendments and stopping statutory reserve deduction on the rest of the companies activities and the increase in the retained earnings by JD (1.5) million, and the increase in the voluntary reserve by JD (7.3) million, and the decrease in net financial assets by JD (500) thousand and the increase of the special reserve by JD (2.7) million.

Sixth: The Effects of these Changes on the Financial Position:

Cash in hands and banks decreased from JD (14.8) million in 2016 to JD (11) million in 2017 representing a decrease of JD (3.8) million resulting mainly from net cash from operating activities reaching JD (56.2) million, and net cash from investing activities amounting to JD (44.3) million and net cash flows from financing operations amounting to JD (96.7) million.

Seventh: Risk Management:

The Company is following financial policies to manage the different risks within a specific strategy, the Company's management monitors and controls the risks and follow the optimal distribution strategy for all financial assets and financial liabilities. Risks include interest rates, market, credit and foreign exchange.

• Capital risk management:

The company manages its capital to ensure its ability to continue and maximize returns to stakeholders by optimizing the balance between equity and debt. There has been no change in the company's policy since last year.

• Liquidity Risk:

Also known as financing risk is the risk that the company will face difficulty in providing funds to meet its liabilities. The Company manages liquidity risk by maintaining adequate reserves and continuous monitoring of actual and forecast cash flows and matching the maturity of financial assets with financial liabilities.

• Credit risk :

Credit risk is the risk of the other party will failing to meet its contractual obligations, causing losses to the Company. The Company has a policy of dealing with creditworthy counterparties in order to mitigate the risk of financial losses arising from non-fulfillment of obligations.

The Company's financial assets, which consist mainly of debtors and other receivables, financial assets at fair value through statement of comprehensive income and cash, do not represent an important concentration of credit risk. Debtors are widely distributed among customers' ratings and geographical regions. The credit limits of each customer are monitored on an ongoing basis and the provision for doubtful debts is taken from them.

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

- The risk of investing in shares is related to changes in the value of the financial instrument as a result of changes in the closing prices of those shares.
- The change in the ratio of the financial market index at the date of the consolidated financial statements at a rate of 5% increase and/or 5% decrease, the following are the effect of the change in the Company's equity:

	2016	2017
	JD	JD
5% Increase	144,948	122,278
5% (Decrease)	(144,948)	(122,278)

• Market risk:

Market risks is a loss of value resulting from changes in market prices like a change in interest rates, foreign exchange rates, prices of equity instruments and therefore change the fair value of cash flows of financial instruments within and outside the balance sheet.

• Currency risk:

The main operations of the company are in JD and USD. The carrying values of the Company's financial assets and liabilities denominated in foreign currencies as of December 31 are as follows.

	2016	2017
	JD	JD
Assets - US \$	965,037	555,990
Liabilities - US \$	525,135,243	577,083,822

Currency risk relates to changes in currency rates that apply to foreign currency payments. As the Jordanian dinar (the company's principal currency) is pegged to the US dollar, the company's management believes that the risk of foreign currency is immaterial.

• Interest rate risk:

Interest rate risk is the risk of a change in the value of a financial instrument as a result of changes in market interest rates.

The Company manages its exposure to interest rate risk on an ongoing basis and various options such as, refinancing, renewal of existing positions and alternative financing are evaluated.

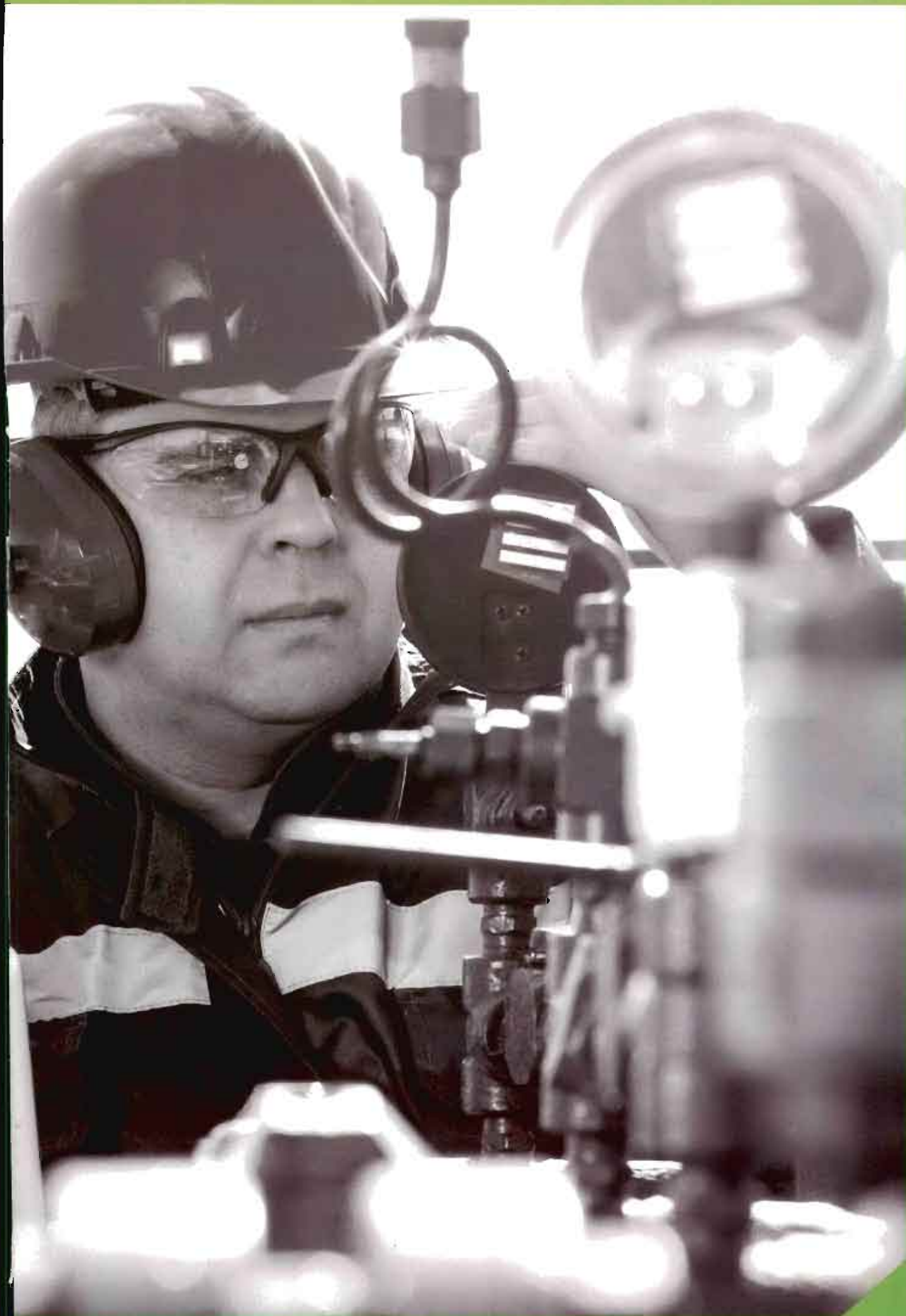
The sensitivity analysis is determined below in accordance with the exposure to interest rates relating to the creditor banks at the date of the consolidated financial statements. The analysis is based on the assumption that the amount of the liability is available throughout the year; a (0,5%) decrease or increase is used representing the company's management's evaluation of a possible and accepted change in the market interest rate:

	2016	2017
	JD	JD
0.5% Increase	2,477,300	3,018,931
0.5% Decrease	(2,477,300)	(3,018,931)



Achievements and Activities of the Company





(1) IMPORTS

A. Crude Oil:

Quantities of crude oil imported by the Company during 2017 amounted to (2,803,689) tons against (2,972,876) tons in 2016, showing a decrease of (169,187) tons or (5.7%).

B. Petroleum Products:

The Company processes crude oil producing different petroleum products needed by the Kingdom and meeting the Jordanian Standard Specifications. The Company pursues a yearly production policy, which aims at striking the right balance between production and imports to meet the local demand, and to best serve the national economy.

- Petroleum products quantities imported during 2017 amounted to (1,320,448) tons against (1,949,322) tons in 2016, showing a decrease of (628,874) tons or (32.3%). The Company purchased (12,566) tons of Fuel Oil from the Electricity Generating Companies

The following table shows the petroleum products quantities imported in 2017 compared with 2016 and 2015:

Imported Products	Quantities in tons			Percent Change 2017/2016 %
	2015	2016	2017	
LPG	322,874	339,037	358,721	5.8%
Diesel	1,165,834	628,293	0	(100%)
Fuel Oil	883,074	0	0	0
Gasoline	691,476	848,780	727,900	(14.2%)
Avgas	1086	1103	933	(15.4%)
Jet Fuel	57,704	64,234	123,822	92.8%
MTBE	103,409	67,875	49,300	(27.4%)
Kerosene	0	0	59,773	100%
Total	3,225,457	1,949,322	1,320,448	(32.3%)

C. Base Oils:

The quantities of base oils imported by the Company during 2017 amounted to (16,864) tons against (14,510) tons in 2016, showing an increase of (2354) tons or (16.2%).



(2) PRODUCTION AND REFINING

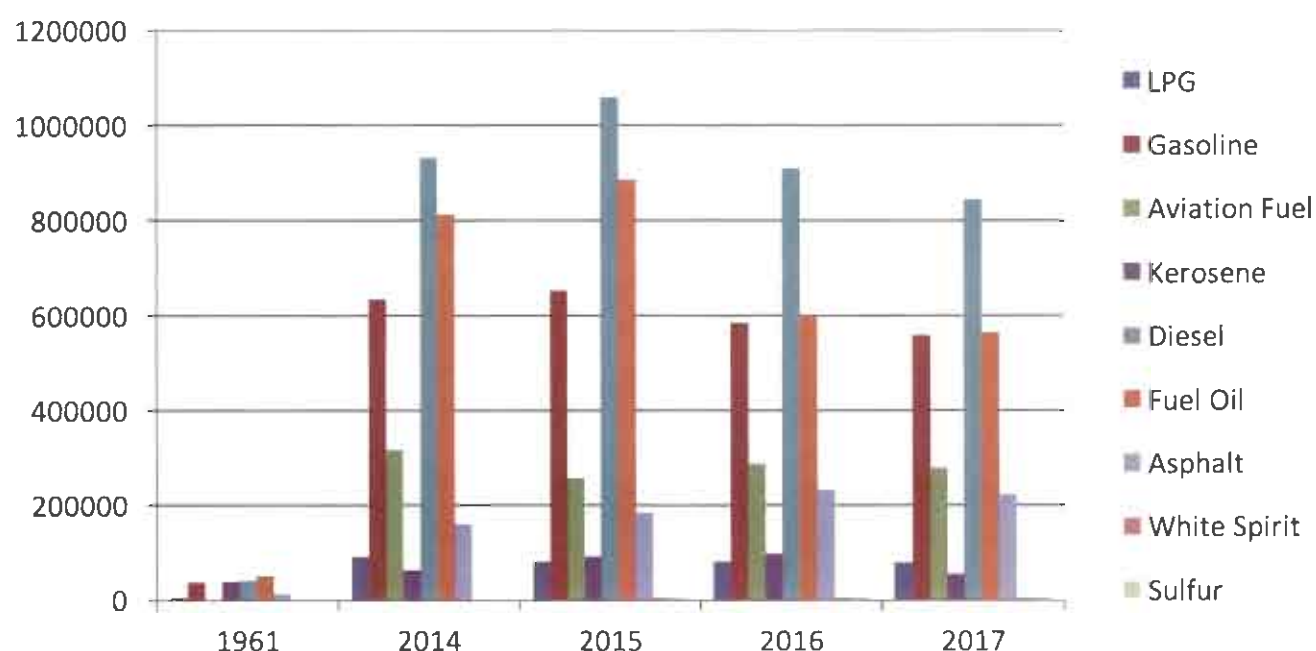
A. Different Petroleum Products.

The Company maintained its past production policy which aims at realizing an optimal economic balance between crude oil refining operations and petroleum products imports to meet all the Kingdom's needs with high economic efficiency. The Company's production of petroleum products amounted to (2,603,794) tons in 2017 against (2,793,328) tons in 2016, showing a decrease of (189,534) tons or (7%).

Petroleum products are imported and produced in accordance with the valid specifications, and the Company relies in most of its operations on a license from the American Based Company (UOP), and as is shown in the company's Future Plan, the Fourth Expansion Project of the Refinery as one of its top priorities because its implementation will improve several specifications of petroleum products produced to meet the internationally acceptable specifications.

The following table and graph show development of the Company's production of petroleum products during the years (2014-2017) in ton compared with the base year 1961:

Production, Tons	1961	2014	2015	2016	2017	Percent Change 2015/2014
LPG	615	90660	80426	81464	78399	-4%
Gasoline	37179	634413	653052	583048	557271	-4%
Aviation Fuel	-	317688	256685	286969	279447	-3%
Kerosene	39620	62522	90555	96572	53941	-44%
Diesel	41209	930475	1058065	908547	844466	-7%
Fuel Oil	50605	811738	885189	598600	563456	-6%
Asphalt	11897	159653	183150	232105	221823	-4%
White Spirit	-	-	2491	1083	2006	85%
Sulfur	-	-	2288	4940	2985	-40%
Total	181,125	3,007,149	3,211,901	2,793,328	2,603,794	-7%



B. Lubricating Oils (Jopetrol)

- The Company produces more than (100) different grades of lube oils of the highest quality under the trade name of (Jopetrol) to meet most of the local market requirements.

Lube oil products comply with the Jordanian specifications, the American Petroleum Institute (API) standards, the Society of Automobile Engineers (SAE Society of Automotive Engineers) standards, European standards (ACEA), and the American Army Military standards (Mil, Standard), Original Equipment manufacturers (OEM) specifications. The products are subjected to the most stringent quality control tests carried out in modern specialized laboratories.

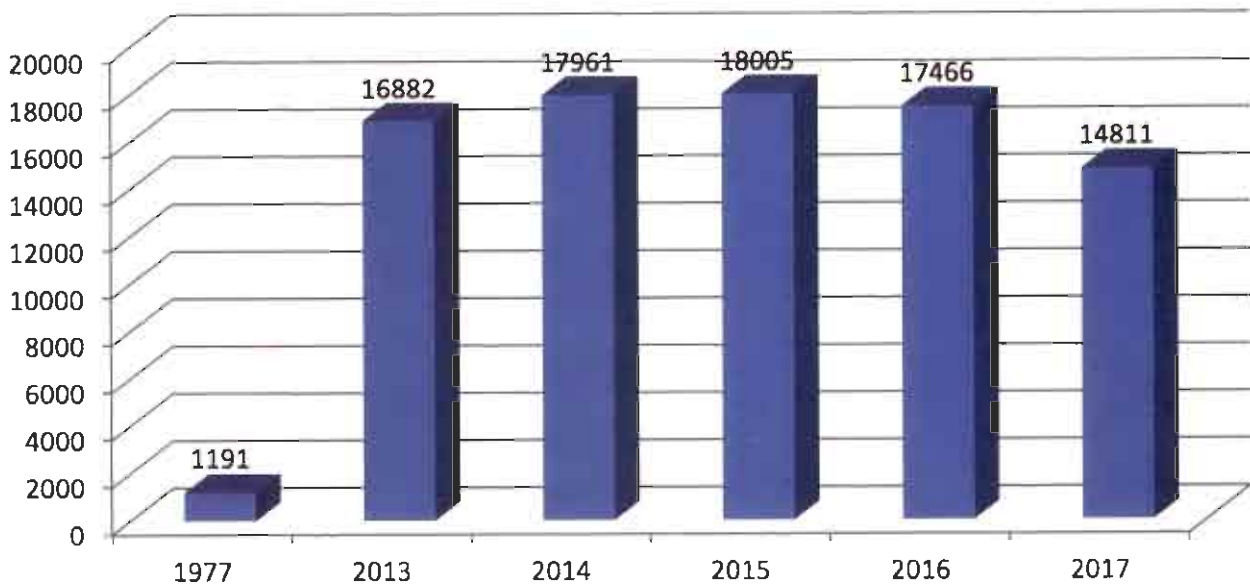
- Jopetrol lube-oils renewed its ISO 9001:2008 quality management certificate where its quality system is periodically inspected by the Lloyds Register committee that originally awarded the certificate. This achievement comes after Jopetrol applied the international quality standards reflecting the high level it has reached in production, packaging and marketing
- Also Jopetrol was awarded the Jordanian quality mark certificate for its lube oil products (Perfect 2000 grade 20W/ 50) and (Super Diesel Oil 16 grade 15W/ 40) and (Perfect 6000 grade 20W/ 50) after it completed all the requirements as instructed by the Jordanian quality mark No. 4/2007, that includes the compliance of these products with the technical requirements of the Jordanian quality mark No. 75/2012 related to the Lubrication oils used specially for internal combustion engines.
- Jopetrol also obtained from Mercedes Benz a certificate for using both its new IIIa synthetic lube oil grade 10W/40 and Super Diesel 16 lube oil grade 15W/40 in Mercedes Benz engines, in addition to approval certificates from MAN and Mercedes for using Jopetrol Super Synthetic oil grade 10/40 in both manufacturers' engines.
- The lube oil testing laboratory obtained three Certificates of excellence due to its participation in the inter-laboratory studies program along with other international laboratories for testing new and used engine oils, base oils, gear oils, and hydraulic oils.
- The production lines have been upgraded with the purchase and installation of two new automated production lines equipped with the latest technologies, one of which is to fill the (20/25) liter containers with a production capacity of (350) containers/hour and the second line to fill (4/5) liter containers with a production capacity of (800) containers/hour.
- The laboratory has been updated with the purchase of a set of the latest equipment used in mineral oil testing and has been equipped for obtaining the international accreditation (ISO 17025: 2005).
- Three new types of oils were produced, Hybrid- Synthetic grade (0W / 20) and (5W / 20) mainly for the use in hybrid cars, in addition to lube oils used in boats.
- One of the most important achievements of Jopetrol for the year 2017 was to obtain certificates from the American Petroleum Institute API for its products, Super 16 diesel lube oil grade 15W / 40, and Perfect 2000 lube oil grade 20W / 50W. This certificate is a confirmation that Jopetrol lube oils are of high quality allowing them to compete with the best international oils in the market.

The amount of lube oils produced during the year 2017 reached (14811) tons against (17466) tons in 2016, showing a decrease of (2655) tons or (15.2%).

The following table and graph reflect the development in lube-oils production for the last five years compared with the initial production year 1977:

Year	1977	2013	2014	2015	2016	2017	Percent Change 2015/2016
Production, Tons	1191	16882	17961	18005	17466	14811	-15.2%

Yearly production



C. LPG Cylinders

During 2017 a total of (425,775) LPG cylinders were repaired and fixed, also (234,666) cylinder valves were replaced, in addition (7895) LPG cylinders of the (12.5) kg capacity were written off in 2017. Cylinders not passing the technical examinations at the filling stations were scrapped in order to protect public safety and to implement the resolution adopted by the Commission formed from members representing the Ministry of Energy and Mineral Resources, Civil Defense Jordan Institution for Standards and Metrology, in addition to JPRC, to withdraw all cylinders not approved by the technical staff and replace them with new ones.

The Jordanian Company for Manufacturing and Filling of Liquefied Petroleum Gas was registered as a wholly owned subsidiary of the Jordan Petroleum Refinery Company with a capital of JD (4) million paid (50%) on 28/5/2008 and did not exercise its activities yet in this form awaiting for a reconsideration of the filling fee currently set for in order to cover the real associated costs and achieve a reasonable profit for the activity in accordance with what was agreed upon in the minutes of the meetings conducted for resolving contentious issues between the government and the company.

D. Filling of Asphalt Drums

The number of drums filled with asphalt and sold in 2017 reached (2828) drums compared to (2442) drums filled and sold in 2016.

(3) SALES:

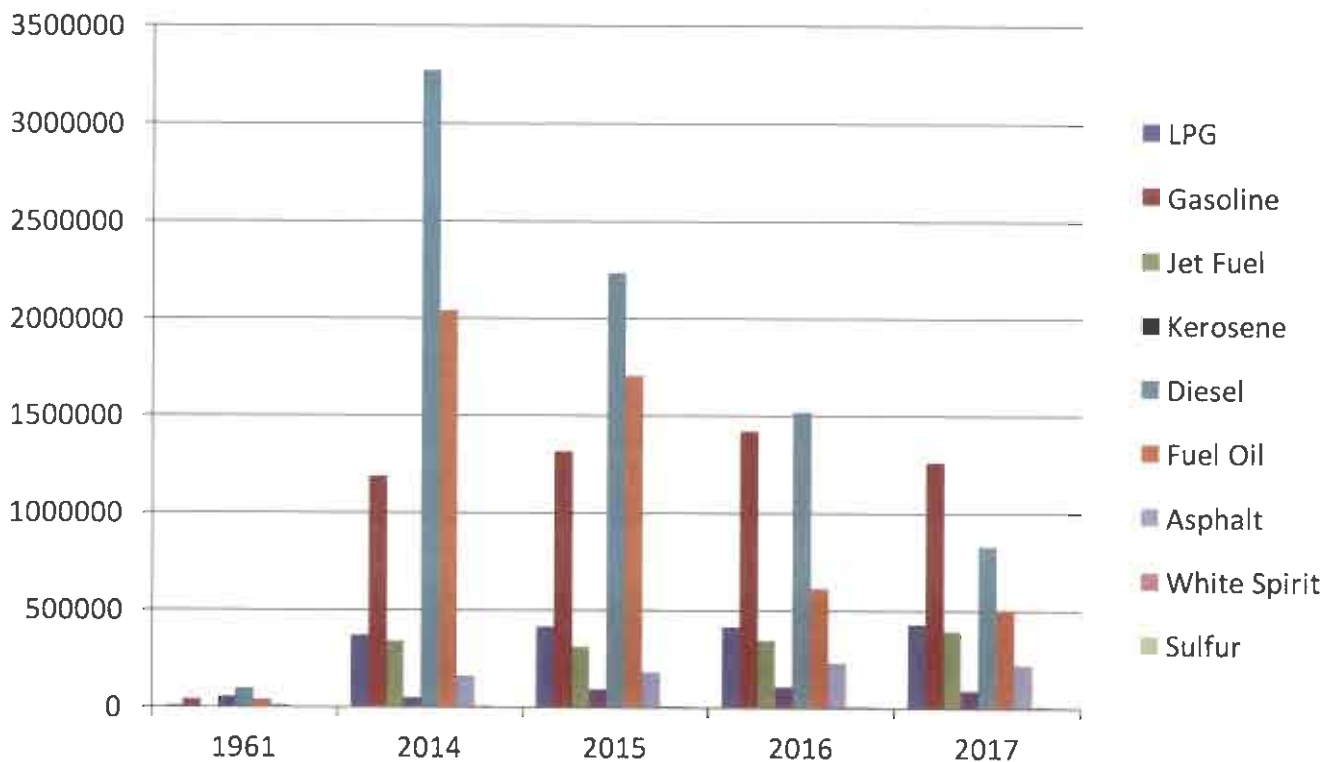
A. Petroleum Products

Sales during 2017 reached (3,742,067) tons compared with (4,661,008) tons in 2016, showing a decrease of (918,959) tons or (20%).

The following table and graph show the development of sales for the last four years compared with the initial year of 1961:

Product sales (Tons)	1961	2014	2015	2016	2017	Percent Change 2016/2015
LPG	673	370594	415532	416842	431224	3.4%
Gasoline	39301	1187391	1319306	1422448	1264564	(11.1%)
Jet Fuel	-	339284	311304	346526	396394	14.4%
Kerosene	50824	48949	90592	105244	88406	(16%)
Diesel	98428	3273675	2234949	1520600	830118	(45.4%)
Fuel Oil	36179	2040408	1705192	611321	505502	(17.3%)
Asphalt	11101	159143	180818	231408	222019	(4.1%)
White Spirit	-	690	1117	1680	854	(49.2%)
Sulfur	-	-	2287	4939	2985	(39.6%)
Total	236,506	7,420,133	6,261,097	4661008	3742067	(20%)

Note: (213,043) tons of fuel oil, fuel gas, and naphtha were used in the Refinery during 2017 for steam production and process operation shall be added to the above sales figures.



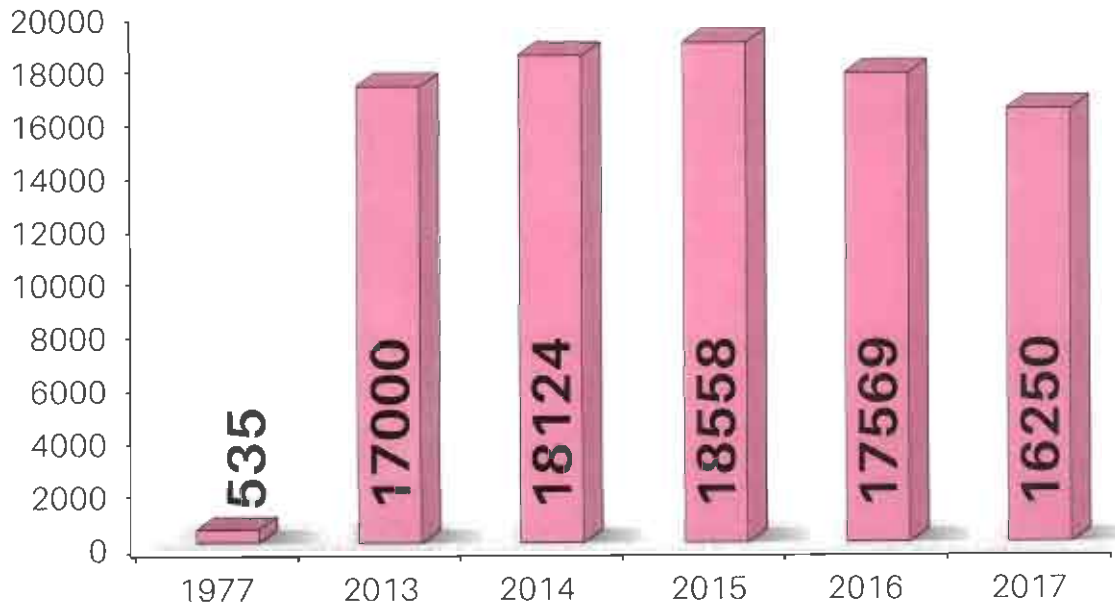
B. Lubricating Oils Sales (Jopetrol):

Sales during 2017 of various grades of lube oil under the trade mark of Jopetrol reached (16250) tons compared with (17569) tons for 2016 representing a decrease of (1319) tons or (7.5 %). Lube oils were sold in containers of capacities ranging between (1/4) liter, (1) liter, (4) liters, (5) liters, (20) liters, (25) liter, and (209) liters as well as in bulk to several companies and institutions.

The following table and graph show the development in Lube-Oil sales for the last five years compared with the initial production year 1977:

Year	1977	2013	2014	2015	2016	2017	Percent Change 2017/2016
Sales (Tons)	535	17000	18124	18558	17569	16250	(7.5 %)

Sales - Tons



C. LPG Cylinders

Sales of new empty (12.5) kg capacity LPG cylinders during 2017 reached (132,026) compared to (206,942) for the 2016, showing a decrease of (74,916) cylinders. Sales of empty (50) kg capacity LPG cylinders in 2017 reached (35) cylinders compared with (13) in 2016 representing an increase of (22) cylinders.

The estimated number of (12.5) kg LPG cylinders in circulation in the Kingdom during 2017 is (6.24) million cylinders.

(4) Company's Clients:

A. Petroleum Products:

The Company supplies all consumers' centers in the Kingdom with their needs of petroleum products and lube oils. The Company keeps good relationships with its customers and always works on meeting their expectations and considers them as partners in its development. The clients are from various sectors of the society and include Government Institutions, Petroleum Products Distribution Companies, Filling Stations, LPG Distributors, Airline companies.

B. Jopetrol Lube Oils:

The largest customers of Jopetrol lube oils are the Armed Forces, Royal Jordanian Air Force, the Directorate of General Security, the Potash Co, the Phosphate Mining Co, the Mine Company for Development of Mining, Royal Jordanian Airlines, Jordan Steel Company, the Directorate of Jordanian Gendarmerie, the Ports Corporation, Aqaba Railway Corporation, Royal Jordanian Airlines, MAN Company, National Electric Power Company, Nippon Jordan Fertilizer Company.

(5) Distribution of petroleum products:

The Company supplies petroleum products daily to the three petroleum product distribution companies (Jordan Petroleum Product Marketing Company, Al-Manaseer, and Total) and directly to some industries and other establishments.

A. Fuel Service Stations

At the end of Year 2017, the number of Petrol Service Stations in the Kingdom supplied by Jordan Petroleum Products Marketing Company reached (250) stations. The number of LPG cylinder Storage Centers in the Kingdom reached (121) in 2017 in addition to (115) distribution centers in the southern governorates.

The following table shows the number of Petrol Stations supplied by Jordan Petroleum Product Marketing Company and LPG cylinder Storage centers and LPG cylinder Distribution Centers in each Governorate of the Kingdom:

Governorate	No. of Petrol Stations 2017	No. of LPG Storage centers/2017	No. of LPG Distribution Centers /2017
Capital/Amman	78	36	-
Zarka	29	16	-
Balqa	13	14	-
Madaba	13	3	-
Irbid	47	31	-
Mafraq	18	13	-
Jerash	9	4	-
Ajloun	5	4	0
Karak	14	0	71
Ma'an	12	0	19
Tafeela	4	0	16
Aqaba	8	0	9
Total	250	121	115

B. LPG filling

The number of LPG cylinders of (12.5) Kg capacity filled in the three filling stations (Zarka, Irbid, and Amman) in 2017 reached (30.57) million cylinders compared with (30.08) million cylinders in 2016, showing an increase of (490) thousand cylinders, the number of LPG cylinders of (50) Kg capacity filled in the three filling stations (Zarka, Irbid, and Amman) in 2017 reached (16,236) cylinders compared with (23,011) cylinders in 2016, showing a decrease of (6,775) cylinders.

C. Airports Stations

The Company owns three refueling stations located in Queen Alia International Airport, Amman Civil Airport, and King Hussein International Airport in Aqaba. During 2017, the stations refueled (33,766) flights with about (378,068) million liters of Jet Fuel compared with (350,276) million liters in 2016, showing an increase of (27,792) million liters. The Company also refueled (5,400) flights with Avgas Fuel. The quantities of Avgas fuel imported by the Company in 2017 which were supplied by Amman Airport Station to airplanes totaled to (1,277,494) liters compared to (1,545,616) liters in year 2016, showing a decrease of (268,122) liters.

D. Aqaba Depots

Firstly: Old Depot in the Port Area (Old Project).

This facility has a storage capacity of (28000) tons. It received (16835) tons of fuels and base oils during 2017 compared with (14138) tons in 2016 representing an increase of (2697) tons or (19%). Sales and transfers from this depot reached (12794) tons in 2017 compared with (17942) tons in 2016 representing a decrease of (5184) tons or (28.9%).

Secondly: New Depot in the Industrial Area (New Project).

This facility has a storage capacity of (185700) tons and a leased/rented storage capacity of (97500) tons. It received (5,271,437) tons during 2017 compared with (5,083,665) tons received in 2016, showing an increase of (187,772) tons or (3.7%). Total quantities loaded and transferred from this depot in 2017 were (5,221,917) tons compared to (4,903,255) tons in 2016, showing an increase of (318,662) tons or (6.5%).

Thirdly: Storage capacity at Aqaba Thermal Power Station.

Heavy Fuel Oil storage capacity at this facility is about (195000) tons. It received (40,253) tons during 2017 compared with (33,675) tons received in 2016, showing an increase of (6,578) tons or (19.5%).



(6) Transport of Petroleum Products:

The Transport Fleet owned by Jordan Petroleum Products Marketing Company consists of (65) tankers, (139) trailers and (138) semi-trailers which are used for hauling fuels and LPG.

Total transported quantities of different materials in 2017 amounted to (1,447,483) tons compared to (1,163,548) tons in 2016 showing an increase of (24.4%).

The number of trips undertaken in 2017 were (54,454) compared to (42,337) trips in 2016 showing an increase of (28.6%).



65
Car Tank



139 locomotive



138



Semi-trailers

(7) Tenders and Supplies:

The Company's tenders and purchases are governed by a "Supplies and Works Code" that sets the mechanisms for preparing the specifications and issuing the tenders and their evaluation. During 2017, the Company issued (132) tenders as follows:

- (76) Tenders for supplying petroleum products, base oils, compressors, pumps, laboratory equipment and various spare parts
- (5) Tender for transporting Petroleum Products.
- (26) Tenders for Construction Works.
- (1) Tenders for Insurance.
- (24) Offer requests for Transportation, Constructions, Insurance, Sale of Scrap Materials.

The number of purchase orders issued in 2017 was (1278) for both foreign and local orders.

(8) Major Suppliers:

The Company through its purchasing department deals with a large number of suppliers and Local agents representing more than thirty Arab and foreign countries. The following table shows the major suppliers:

Crude Oil	Oil derivatives	Base Oils and additives	Chemicals	Spare parts & Equipment	Vehicles Spare Parts & Equipment	Reactors and heat exchangers
Aramco, Saudi Arabia	Aramco, Saudi Arabia	Luberef Aramco Saudi Arabia	Innospec, UK	KOSAN CRISPLANT - Denmark	Nissan Diesel, Japan	ATB, Italy
	I.P.G, Kuwait	Lubrizol, UAE	Nalco, UAE	John Crane	Renault, France	KOCH, Italy
	Sabic, Saudi Arabia	Shell.UK	UOP,USA	Metra - Switzerland	Osaka, Japan	Godrej, India
	B.B.ENERGY	Total, France	GE Betz, Italy	Ensival Moret - Belgium S.A	HTB Germany	BORSIG Germany
	Gulf Interstate	Exxon Mobil	Chemic, Italy	BLUTEK	Acerbi-Italy	UTON, Romania
	Glencore	Sol-vochem-Dutch	Afton	SULZER PUMPS (MIDDLE EAST) FZC		TPS
	Litasco	Chevron France	Dow Chemical	AYGAZ A.S		Dalmin
	Trafigura	Afton - UK	SUD-CHEMIE	Tuben Cap		Mandiesel & Turbose
	Shell	Infineum UK Ltd	Johnson Matthey	Goulds Pumps Co, Ltd		
	Total	Midgulf Services Ltd	Basf Middle East llc	Howden Thomassen ME		
	Socar			Thomsan - Holland		
	Vitol			Ingersol Rand		

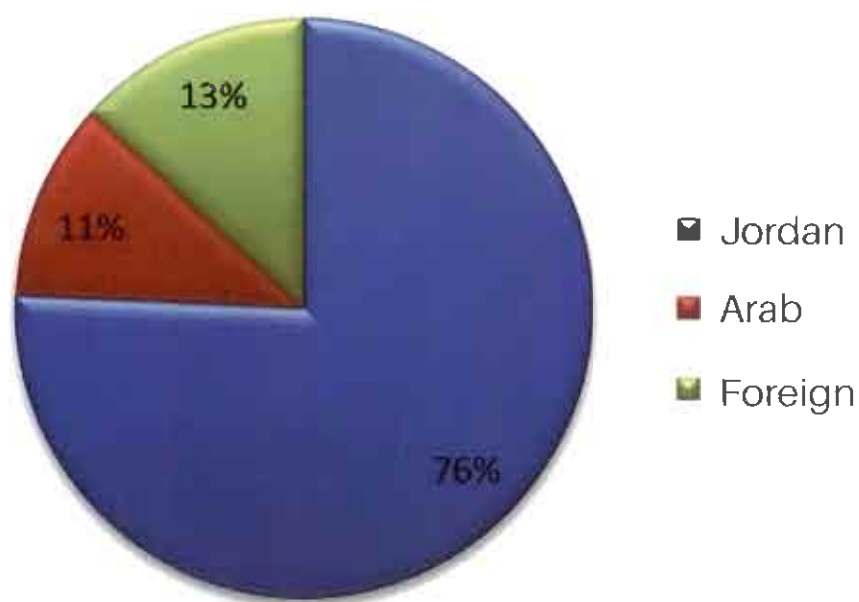
(9) SHAREHOLDERS

The number of shareholders on 31/12/2017 was (34569) shareholders

The following table and graph show the distribution of shareholders according to their nationalities:

Nationality	Number of Shareholders	Percentage of shareholders%	Number of Shares	Percentage of number of shares%
Jordanian	29,322	84.8%	75,719,654	75.7%
Arab	4,094	11.8%	11,117,538	11.1%
Foreign	1,153	3.3%	1,3162,808	13.2%
Total	34,569	100%	100,000,000	100%

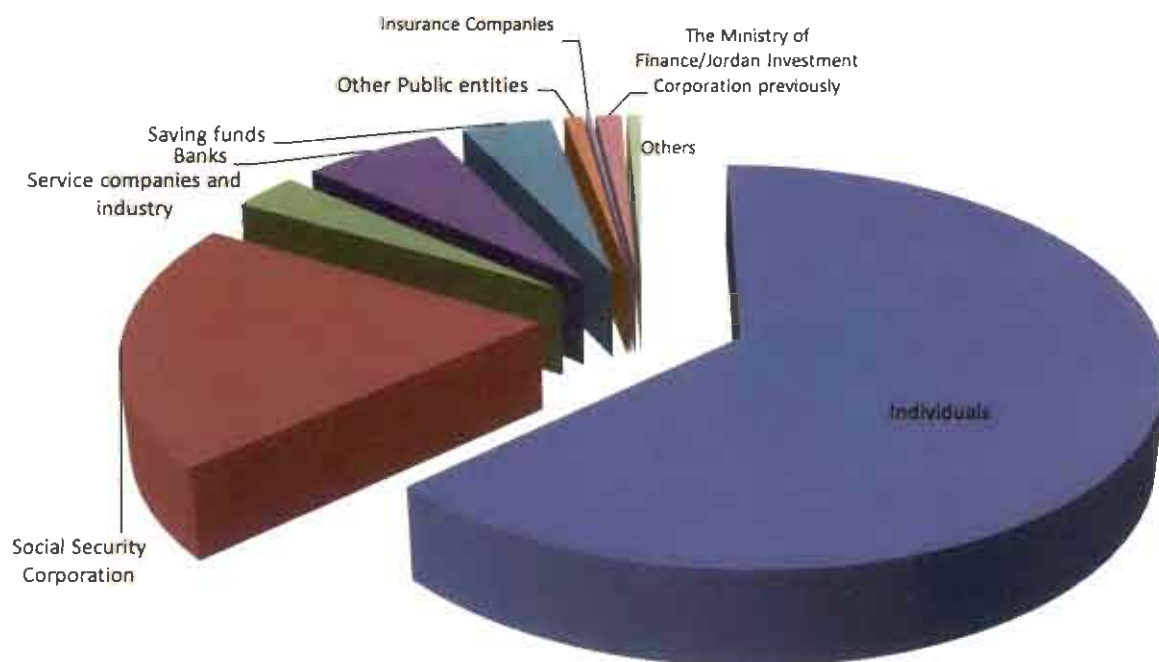
Distribution of shares according to Nationality



The following table and graph show the distribution of the Company's shares according to the shareholders' categories:

Category	Number of Shareholders	Percentage	Number of Shares	Percentage
Individuals	34,428	99.592%	63,199,971	63.200%
Social Security Corporation	1	0.003%	20,140,624	20.141%
Service Companies and Industry	59	0.171%	3,075,175	3.075%
Banks	4	0.012%	6,448,634	6.449%
Saving Funds	20	0.058%	4,144,365	4.144%
Other Public Entities	28	0.081%	832,173	0.832%
Insurance Companies	13	0.038%	277,616	0.278%
The Ministry of Finance/Jordan Investment Corporation previously	1	0.003%	1,200,511	1.201%
Others	15	0.043%	680,931	0.681%
Total	34,569	100%	100,000,000	100%

Distribution of shares according to shareholders categories



Shareholders holding more than (5%) of the Company's Shares for Years 2016 and 2017:

Name of Share holder	Number of shares		Percentage Total Shares %	
	2016	2017	2016	2017
Social Security Corporation	20140624	20140624	20.141%	20.141%
Islamic Development Bank/ Jeddah	6250000	6250000	6.250%	6.250%
Total	26,390,624	26,390,624	26.391%	26.391%

Shares Activity in Amman Stock Exchange:

The number of shares transacted during 2017 in the stock exchange amounted to (20,662,041) shares valued at JD (66,261,039) executed through (27,841) transfer contracts at an average share price of JD (3.210).

The following table shows the activity movement of the Company's shares in the Stock Exchange from 2014 to 2017:

Particulars	year	2014	2015	2016	2017
Shares transacted		9,124,617	18,442,612	16,272,867	20,662,041
Volume (JD)		40,259,063	94,133,248	63,404,686	66,261,039
Number of executive contracts		19,528	35,231	25,148	27,841
Market value of shares (JD)		278,125,000	318,750,000	342,000,000	256,000,000
Closing price (JD)		4,450	4,250	3,420	2,560
Average share price (JD)		4,410	5,100	3,900	3,210
Circulation (%)		14.600	24.590	16.270	20.662

The following table shows the distribution of shareholdings ranges as on 31/12/2017:

Share Holding Range	Shareholders		Shares	
	Number	Percentage %	Number	Percentage %
1-100	8551	24.74%	401095	0.40%
101-500	12704	36.75%	3191679	3.19%
501-1000	4975	14.39%	3597938	3.60%
1001-5000	6403	18.52%	13775308	13.78%
5001-10000	979	2.83%	6865030	6.87%
10001-20000000	957	2.77%	72168950	72.17%
Total	34569	100%	100,000,000	100%

The following table shows the dividends distributed during the last five Years (2012-2016) and those recommended for 2017:

Year	2012 ⁽¹⁾	2013 ⁽²⁾	2014 ⁽³⁾	2015 ⁽⁴⁾	2016	2017 ⁽⁵⁾
Percentage (%)	15	20	18	10	10	20
Dividend of one share (Fills)	150	200	180	100	100	200

(1) The distribution of bonus shares by (25%) of the capital for the year 2012, company's capital became (50) million share/JD on 19/2/2014.

(2) The distribution of bonus shares by (25%) of the capital for the year 2013, company's capital became (62.5) million share/JD on 28/10/2014.

(3) The distribution of bonus shares by (20%) of the capital for the year 2014, company's capital became (75) million share/JD on 21/7/2015.

(4) The distribution of bonus shares by (33.33%) of the capital for the year 2015, company's capital became (100) million share/JD on 19/6/2016.

(5) Recommended for distribution for the year 2017.

The following table shows the net profits and shareholders' Equity (Cash and Free Shares) for the last five Years (2012-2016) and those recommended for distribution in 2017:

Year	Net profits	Distributed profits (after discount of distribution tax)		Total Distributed Dividend	Shareholders' equity
		Cash/JD	Free Shares/JD		
2012	21574410	6000000	10000000	16000000	103446600
2013	28235326	10000000	12500000	22500000	124689693
2014	32429758	11250000	12500000	23750000	146385393
2015	31347665	7500000	25000000	32500000	166147401
2016	33749044	20000000		20000000	192259066
2017*	32654771	20000000		20000000	204459173

* Recommended for distribution for the year 2017.

(10) The Curriculum Vitae of the Chairman, Members of the Board of Directors and the Executive Management of the Company and their Remuneration during 2017.

A. The Chairman and Members of the Board of Directors:

#	Name	Date of Birth	Academic Degree	Graduation Year	Brief Practical Experience	Date of Joining the Board	Number of Shares Held	Number of Shares Held by immediate family members	Contracts, Projects and Contracting held by the company with Chairman and Members of Board	Remuneration during year 2014	Transportation allowance and membership of committees for 2015	Travel allowance
1	Mr. Wabid MithKai Asfour Chairman of the Board	1932	MA in Political Science & Economics, Tennessee University USA	1958	<ul style="list-style-type: none"> Former Minister of Commerce and Industry Former Minister of Energy and Mineral Resources Chairmanship and membership of the boards of several banks and companies 	30/04/2007	11502	N/A	N/A	5000	122000	-
2	Eng. Omar Ashraf Al Kundi Deputy Chairman	1965	M.Sc. in Electrical Engineering Georgia University/ US	1987	<ul style="list-style-type: none"> Former Minister of Communications and Information Technology Member of Communication Policy Sector Committee Member of Board of Directors 	01/10/2007	25000	N/A	N/A	5000	27000	4050
3	Eng. Alaa Arif Batsayneh	1969	Masters in Information System Management, Bachelor in Electric Engineering/ George Washington University, U.S.A	1993 1991	<ul style="list-style-type: none"> Former Energy and Mineral Resources Minister Former Minister of Transport Former Minister of Public Works and Housing Former Member of the Senate Former Director General of Customs Former Secretary General of the Ministry of Transport Chairman and Membership on the Boards of several companies 	9/4/2014	6686	N/A	N/A	5000	45000	
4	Eng. Abdel Arahim Falih Boucai	1959	B.Sc. in Civil Engineering Fresno University USA	1983	<ul style="list-style-type: none"> Former Member of Parliament Member of a number of Board of Directors 	30/04/2007	27393	N/A	N/A	5000	38000	1800
5	Mr. Mohammad Majed Altan (Representative of Al Samaha Investment & Finance Co)	1953	Diploma in Banking Studies B.A in Business Administration, Arab Beirut University/ Lebanon	1978 1980	<ul style="list-style-type: none"> Experiences in Banks for more than (44) years Asst. General Director of Jordan Islamic Bank 	30/04/2007	15000	N/A	N/A	5000	27000	
6	Dr. Nabih Ahmad Salameh	1946	Ph.D. in Economics / Institute of Arab Research and Studies /Egypt Program in Investment Assessment and Managements / Harvard University Master in Economy / University of Jordan BA in Economy / University Of Jordan	2002 1988 1962 1969	<ul style="list-style-type: none"> Former Chairman of the Board of Directors of the Arab Potash Company Former General Manager of Jordan Investment Corporation Board Member of several industrial, financial and service companies and institutions 	1/4/2010	4801	778 (Wife)	N/A	5000	49000	
7	Mr. Bassam Rashad Sinokrot	1954	Bachelor of Business Administration Arab Beirut University	1978	<ul style="list-style-type: none"> General Manager Member of Board Directors of several companies 	12/5/2011	472358	18566 (Wife)	N/A	5000	40176	2700
8	Eng. Khair Abdullah Abu Saalik	1971	PhD in Industrial Engineering		<ul style="list-style-type: none"> Jordan Parliament Member Member of Pension Fund Board of Jordanian Engineer's Union Chairman of the Committee for Supporting National Industry - Jordanian Engineer's Union Member of the Board of Directors of the National Industry Support Authority Member of Board of Directors - Jordan Clothing Company Faculty of Engineering Consultant - JUST Chairman of the Committee for Water - Jordan Standards and Metrology Organization 	28/4/2017	4350	N/A	N/A		38849	2700

#	Name	Date of Birth	Academic Degree	Graduation Year	Brief Practical Experience	Date of Joining the Board	Number of Shares Held	Number of Shares Held by immediate family members	Contracts, Projects and Contracting held by the company with Chair - man and Members of Board	Remuneration during year 2014	Transportation allowance and membership of committees for 2015	Travel allowance
9	Mr. Khalid Mohammed Habib (Representative of the Islamic Development Bank - Jeddah)*		Masters in Science/ Technology Management, Wisconsin University -USA	1997	- Board member for several Companies and Banks.	26/4/2016	N/A	N/A	N/A	5000*	18000*	
10	Mr. Saeed Abdulrah Shannan (Representative of Social Security Corporation)**	1966	Master of Finance / University of Jordan	1998	<ul style="list-style-type: none"> Department Manager of Operations and Administering affairs/ Social Security Investment Fund since February /2004 till now. Former member of the Board of Directors of the Arab Bank. Former member of the Board of Directors of the Union Bank. Former member of the Board of Directors of the Phosphate Mining Co. Former member of the Board of Directors of Tameer Holding Co. Former Vice President of the Board of Directors of Development of South of the Dead sea Co. Former member of the Board of Directors of Free Markets Co. 	5/9/2016	N/A	N/A	N/A	5000**	38412**	
11	Mr. Ahmad Adnan Alkhudari (Representative of Amman Chamber of Industry)	1958	Bachelor in Business Management/ Lebanese University	1981	<ul style="list-style-type: none"> Chairman of the Board of Directors of the Adnan Alkhudari and Sons Co. Vice Chairman of Jordan Exporters Association. Member of Amman Chamber of Industry. Member of the Association of Small and Medium Enterprises. Member of Jordanian -African Business Association. Member of Board of Director / Ejlati 	10/1/2017	N/A	N/A	N/A		36260	
12	Eng. Shakib Odeh*** (Representative of the Pension Fund of the Engineers Association)	1958	Bachelor Degree in Electric Engineering / Al-Mansoura University, Egypt	1981	<ul style="list-style-type: none"> Member of the Council of Engineers Union / Treasurer 2012-2018 Member of the Investment Committee of the Pension Fund / Engineers Union 2012-2018 Member of the Executive Office of the Union of Arab Engineers Member of the Board of Directors of Umar International Academy. 	6/4/2017	N/A	N/A	N/A	5000***	27000***	
13	Dr. Samer Ibrahim Mofleh*** (Representative of the Social Security Corporation)	1978	<ul style="list-style-type: none"> PhD in Engineering University of Bristol / England - United Kingdom Master in Engineering - Coventry University / England - UK Bachelor of Computer Engineering - University of Applied Sciences 	<ul style="list-style-type: none"> 2008 2004 2002 	<ul style="list-style-type: none"> Advisor to the General Manager and Director of Strategic Planning and Institutional Performance Development / General Organization for Social Security. Member of the Board of Directors of Jordan Telecom Group (Orange) 2013-2017. Economic Expert at the Office of the Prime Minister 2010-2011. Economic Expert in the Investment Promotion Corporation 2008-2010. Lecturer for postgraduate students / School of Graduate Studies / German University since 2010. Part-time Expert with the World Bank Group on some projects in the region. 	1/8/2017	N/A	N/A	N/A	5000**	38412**	

* Remuneration, transportation allowance, and membership of committees are paid to the Islamic Development Bank – Jeddah.

** Remuneration, transportation allowance, and membership of committees are paid to the Social Security Corporation.

*** Remuneration is paid to the Pension Fund of the Engineering Union.

Eng. Khair Abdullah Abu Saalik was elected on the 28th April 2017 as an independent member.

Eng. Sulaiman Abdul RaZZaq Al-Daoud resigned on the 27th March 2017.

Membership of Mr. Khalid Mohammed Habib / Representative of the Islamic Development Bank of Jeddah ended on the 12th March 2018, and Mr. Jamil Ali Darras was appointed as his replacement.

Mr. Shakib Odeh was appointed in place of Khair Abdullah Abu Saalik as the Representative of the Pension Fund of the Engineers Association on the 6th April 2017.

Mr. Ahmad Adnan Alkhudari was appointed in place of Mr. Adnan Abdel Karim Ghalib as the Representative of Amman's Chamber of Industry on the 10th January 2017.

Dr. Samer Ibrahim Mofleh was appointed in place of Dr. Hesham Saleh Gharaibeh as the Representative of Social Security Corporation on the 1st August 2017.

(11) Table of attending the Board of Directors meetings and Committees:**A- Board of Directors:**

The Board of Directors convened for a total of (11) times during the year 2017, attendance was as follows:

No.	Member	Position	Number of calls for meeting	Number of attendances
1	Mr. Walid Mithkal Asfour	Chairman	11	9
2	Eng. Omar Ashraf AlKurdi	Deputy Chairman	11	11
3	Eng. Alaa Arif Batayneh.	Board Member	11	11
4	Eng. Abdel Alrahim Boucai	Board Member	11	11
5	Mr. Mohammad Majed Allan. (Representative of Al-Samaha Investment & Finance)	Board Member	11	10
6	Dr. Nabih Ahmad Salameh	Board Member	11	11
7	Mr. Bassam Rashad Sinokrot	Board Member	11	11
8	Mr. Khalid Mohammad Habib (Representative of the Islamic Development Bank- Jeddah)	Board Member	11	3
9	Mr. Saeed Abdullah Shanan (Representatives of the Social Security Corporation)	Board Member	11	11

10. Representatives of Amman Chamber of Industry.

Name of the member	Membership period	Number of meetings		Number of meetings held	Number of Attendance
		Number of invitations to convene	Attendance		
Mr. Adnan Abdel-Karim Ghaith.	1/1/2017 - 10/1/2017	0	0	11	8
Mr. Ahmad Adnan Alkhudari	10/1/2017	11	8		

11. Independent Members

Name of the member	Membership period	Number of meetings		Number of meetings held	Number of Attendance
		Number of invitations to convene	Attendance		
Eng. Suleiman Abdel Razzaq Al-Daoud.	1/1/2017 - 27/3/2017	3	0	11	6
Eng. Khair Abdullah Abu Saalik.	6/4/2017	8	6		

12. Representative of the Jordanian Engineering Union Pension Fund

Name of the member	Membership period	Number of meetings		Number of meetings held	Number of Attendance
		Number of invitations to convene	Attendance		
Eng. Khair Abdullah Abu Saalik.	1/1/2017 - 6/4/2017	3	3	10	10
Eng. Shakib Odetallah.	6/4/2017	7	7		

13. Representatives of the Social Security Corporation

Name of the member	Membership period	Number of meetings		Number of meetings held	Number of Attendance
		Number of invitations to convene	Attendance		
Dr. Hesham Saleh Gharaibeh.	1/1/2017 - 1/8/2017	7	7	11	11
Dr. Samer Ibrahim Mofleh	1/8/2017	4	4		

- Eng. Khair Abdullah Abu Saalik was elected on the 28th April 2017 as an independent member.
- Eng. Suleiman Abdel Razzaq Al Daboud resigned on the 27th March 2017.
- Membership of Mr. Khalid Mohammad Habib / Representative of the Islamic Development Bank of Jeddah/ ended on the 12th of March 2018, and Mr. Jamil Ali Darras was appointed as his replacement.
- Mr. Shakib Odetallah was appointed in place of Khair Abdullah Abu Saalik as the Representative of the Pension Fund of the Engineers Association on the 6th of April 2017.
- Mr. Ahmad Adnan Alkhudari was appointed in place of Mr. Adnan Abdel Karim Ghaith as the Representative of Amman's Chamber of industry on the 10th of January 2017.
- Dr. Samer Ibrahim Mofleh was appointed in place of Dr. Hesham Saleh Gharaibeh as the Representative of the Social Security Corporation on the 1st of August 2017.

(12) Board Committees:

Central Tenders Committee. The Committee convened (16) times during the year 2017, attendance as follows:

No.	Member	Number of invitations to convene	Number of attendances
1	Mr. Walid Mithkel Asfour	16	14
2	Eng. Abdel Arahim Boucai	16	15
3	Mr. Adnan Abdel Karim Ghaith *	1	1
4	Eng. Khair Abdullah Abu Saalik	16	6
5	Mr. Ahmad Alkhudari **	15	11
6	Eng. Abdel Karim Alawin	16	15

- * Membership ended from this Committee on the 11th January 2017 due to the end of his membership on the Board of Directores.
- ** Appointed in the Committee starting on the 9th February 2017.

Financial Committee. The Committee convened (6) times during the year 2017, attendance as follows:

No.	Member	Number of invitations to convene	Number of attendances*
1	Eng. Abdel Arahim Boucai	6	6
2	Eng. Khair Abdullah Abu Saalik	6	6
3	Eng. Alaa Arif Batayneh	6	4
4	Mr. Adnan Abdel Karim Ghaith *	0	0
5	Mr. Saeed Abdullah Shanan	6	5
6	Mr. Ahmad Adnan Alkhudari **	5	3
7	Eng. Abdel Karim Alawin	6	6

- * Membership ended from this Committee on the 11th of January 2017 due to the end of his membership on the Board of Directores.
- ** Appointed in the Committee starting on the 1st February 2017.

Remuneration and Nominations Committee.
The Committee convened (4) times during the year 2017, the attendance as follows:

No.	Member	Number of invitations to convene	Number of attendances*
1	Eng. Omar Ashraf AlKurdī	4	4
2	Dr. Nabih Ahmad Salameh	4	4
3	Eng. Suleiman Abdel Razzaq Al-Daoud*	1	0
4	Dr. Samer Ibrahim Mofleh**	1	1

* Membership ended from this Committee on the 27th March 2017 due to the end of his membership on the Board of Directors.

** Appointed as member in this Committee on 5th December 2017.

Internal Audit and Control Committee.
The Committee convened (5) times during the year 2017, the attendance as follows:

No.	Member	Number of invitations to convene	Number of attendances*
1	Mr. Bassam Rashad Sinokrot	5	5
2	Mr. Mohammad Majed Allan	5	5
3	Dr. Hesham Saleh Gharaibeh *	4	4
4	Eng. Shakib Odetallah **	1	1

* Membership ended from this Committee on the 1st August 2017 due to the end of his membership on the Board of Directors.

** Appointed as a member in this Committee on 18th September 2017.

(13) Names of Chairman, Deputy Chairman, and Members for all Board of Directors Committees.

Central Tenders Committee

1	Mr. Walid Mithkal Asfour	Chairman
2	Eng. Abdel AlRahim Boucai	Deputy Chairman
3	Mr. Adnan Abdel Karim Ghaith *	Member
4	Eng. Khair Abdullah Abu Saalik	Member
5	Mr. Ahmad Alkhudari **	Member
6	Eng. Abdel Karim Alawin	Member

* Membership ended from this Committee on the 10th January 2017 due to the end of his membership on the Board of Directors.

** Appointed in the Committee starting on the 9th February 2017.

Financial Committee

1	Eng. Abdel Alrahim Boucai	Chairman
2	Eng. Khair Abdullah Abu Saalik	Deputy Chairman
3	Eng. Alaa Arif Batayneh	Member
4	Mr. Adnan Abdel Karim Ghaith *	Member
5	Mr. Saeed Abdullah Shanan	Member
6	Mr. Ahmad Adnan Alkhudari **	Member
7	Eng. Abdel Karim Alawin	Member

* Membership ended from this Committee on the 10th January 2017 due to the end of his membership on the Board of Directors.

** Appointed in the Committee starting on the 1st February 2017.

Remuneration and Nominations Committee.

1	Eng. Omar Ashraf AlKurdi	Chairman
2	Dr. Nabih Ahmad Salameh	Deputy Chairman
3	Eng. Suleiman Abdel Razzaq Al-Daoud*	Member
4	Dr. Samer Ibrahim Mofleh**	Member

* Membership ended from this Committee on the 27th March 2017 due to the end of his membership on the Board of Directors.

** Appointed as member in this Committee on 5th December 2017.

Internal Audit and Control Committee.

1	Mr. Bassam Rashad Sinokrot	Chairman
2	Mr. Mohammed Majed Allan	Deputy Chairman
3	Dr. Hesham Saleh Gharaibeh *	Member
4	Eng. Shakib Odetallah.**	Member

* Membership ended from this Committee on the 1st August 2017 due to the end of his membership on the Board of Directors.

** Appointed as a member in this Committee on 18th September 2017.



First: Disclosure of Corporate Governance:

Methodology:

- The data in this document is completed with the approval of the Audit Committee.
- Please provide detailed information of the items below.
- You can write "not applicable" if the question is unrelated or not applicable to your company.
- The answers should be specific and in the core of the question.
- Please provide only the name and date of the supporting documents.

Commitment to Corporate Governance Principles		Supporting Documents
1	<p>A brief statement clarifying how the company applied the principles stipulated in the Code of Corporate Governance of the listed companies listed on the Amman Stock Exchange and whether disclosure of such application was done in such a way as to enable the shareholders to evaluate the company's implementation of these principles.</p> <ul style="list-style-type: none"> • The company started to implement the principles stipulated in the Code of Corporate Governance of Listed Companies on the Amman Stock Exchange as of 2016. • The implementation of many of the principles set out in the Code of Corporate Governance of listed companies on the ASE has been disclosed in such a way as to enable shareholders to evaluate the Company's application of these principles as of the submission of the financial statements of the Company as of 31/12/2016 to the Securities Commission. 	<p>The Board of Directors decided in its session No. (5/2015) on 23/3/2015 to apply the rules of Corporate Governance of Companies listed on the Amman Stock Exchange.</p>
2	<p>A brief statement showing the extent of the Board of Directors' compliance with the Code of Corporate Governance of Listed Companies on the Amman Stock Exchange. The Board of Directors has started implementing several Corporate Governance Rules listed on the Amman Stock Exchange since 2016.</p>	

Board of Directors		Supporting Documents
1	<p>A brief statement showing how the Board of Directors performs its functions, including an explanation of the quality of decisions taken by the Board of Directors and the decisions authorized to the senior management to take.</p> <ul style="list-style-type: none"> • The Board of Directors performs its functions through the committees emanating from the Board of Directors, which consist of the members of the Board in addition to the Chief Executive Officer, and where the various committees submit their recommendations to the Board of Directors for making the appropriate decisions and approving the minutes of their meetings. The Board also delegates the senior management to take decisions in accordance with the powers stipulated in the regulations and systems implemented in the company that include: <ol style="list-style-type: none"> 1. The Company's Internal System. 2. Supplies and Works System. 3. Financial System. 4. Employees System. 5. System and Guidance Manual for the Control Unit. 	<p>The regulations/systems in force at the company:</p> <ol style="list-style-type: none"> 1. The company's Internal System. 2. The Supplies and Works System. 3. The Financial System. 4. The Employees System. 5. System and Guidance Manual for the Control/Audit Unit
2	<p>A statement of the principles and regulations on which the number of members of the Board and composition of the Board of Directors were based on.</p> <ul style="list-style-type: none"> • Article (32 / A) of the "Companies Law" was adopted to determine the number of members of the Board of Directors. The maximum number of members of the Board was taken to represent the largest number of shareholders. The Board consists of six members representing legal entities and seven independent members. 	<p>Companies Law Article (32 / A)</p>
3	<p>Determine the responsibility specified of the Chairman of the Board and the Deputy Chairman of the Board of Directors (if any).</p> <p>Determined by the Companies Law and the Company's Internal System.</p>	<p>The "Companies Law" and the Company's Internal System.</p>
4	<p>Determine the responsibility of Executive members in the Board of directors (if any).</p>	<p>There are no Executive Members.</p>
5	<p>Determine the responsibility of the non-Executive Members in the Board of Directors. Their participation in committees emanating from the Board of Directors, and as members of the Board of Directors for decision-making.</p>	<p>The Regulations/Systems in Force at the Company (The Employees System, the Financial System, the Supplies and Works System, System and Guidance Manual for the Control/Audit Unit)</p>

Board of Directors		Supporting Documents
6	Determine the responsibility of the Independent Members in the Board of Directors (if any). Within the responsibility of the committees formed and determined according to the Regulations/Systems in force at the company (The Employees System, the Financial System, the Supplies and Works System, System and Guidance Manual for the Control/Audit Unit).	The Regulations/Systems in Force at the Company (The Employees System, the Financial System, the Supplies and Works System, System and Guidance Manual for the Control/Audit Unit)
7	Include the names of the Chairman, Deputy Chairman (if any) and Executive Members (who hold executive positions in the company). <ul style="list-style-type: none"> Chairman of Board of Directors: His Excellency Walid Mithkal Asfour. Deputy Chairman of Board of Directors: His Excellency Engineer Omar Ashraf AlKurdi. 	

8. The Board of Directors convened for a total of (11) times during the year 2017, attendance was as follows:

No.	Member	Position	Number of calls for meeting	Number of attendances
1	Mr. Walid Mithkal Asfour	Chairman	11	9
2	Eng. Omar Ashraf AlKurdi	Deputy Chairman	11	11
3	Eng. Alaa Arif Batayneh.	Board Member	11	11
4	Eng. Abdel Arahim Boucai	Board Member	11	11
5	Mr. Mohammad Majed Allan. (Representative of Al-Samaha Investment & Finance)	Board Member	11	10
6	Dr. Nabih Ahmad Salameh	Board Member	11	11
7	Mr. Bassam Rashad Sinokrot	Board Member	11	11
8	Mr. Khalid Mohammad Habib (Representative of the Islamic Development Bank-Jeddah)	Board Member	11	3
9	Mr. Saeed Abdullah Shanan (Representatives of the Social Security Corporation)	Board Member	11	11

10. Representatives of Amman Chamber of Industry.

Name of the member	Membership period	Number of meetings		Number of meetings held	Number of Attendance
		Number of invitations to convene	Attendance		
Mr. Adnan Abdel-Karim Ghaith.	1/1/2017 - 10/1/2017	0	0	11	8
Mr. Ahmad Adnan Alkhudari	10/1/2017	11	8		

11. Independent Members

Name of the member	Membership period	Number of meetings		Number of meetings held	Number of Attendance
		Number of invitations to convene	Attendance		
Eng. Suleiman Abdel Razzaq Al-Daoud.	1/1/2017 - 27/3/2017	3	0	11	6
Eng. Khair Abdullah Abu Saalik.	6/4/2017	8	6		

12. Representative of the Jordanian Engineering Union Pension Fund

Name of the member	Membership period	Number of meetings		Number of meetings held	Number of Attendance
		Number of invitations to convene	Attendance		
Eng. Khair Abdullah Abu Saalik.	1/1/2017 - 6/4/2017	3	3	10	10
Eng. Shakib Odetallah.	6/4/2017	7	7		

13. Representatives of the Social Security Corporation

Name of the member	Membership period	Number of meetings		Number of meetings held	Number of Attendance
		Number of invitations to convene	Attendance		
Dr. Hesham Saleh Gharaibeh.	1/1/2017 - 1/8/2017	7	7	11	11
Dr. Samer Ibrahim Mofleh	1/8/2017	4	4		

- Eng. Khair Abdullah Abu Saalik was elected on the 28th April 2017 as an independent member.
- Eng. Suleiman Abdel Razzaq Al-Daoud resigned on the 27th March 2017.
- Membership of Mr. Khalid Mohammad Habib / Representative of the Islamic Development Bank of Jeddah/ ended on the 12th of March 2018, and Mr. Jamil Ali Darra was appointed as his replacement.
- Mr. Shakib Odetallah was appointed in place of Khair Abdullah Abu- Saalik as the Representative of the Pension Fund of the Engineers Association on the 6th of April 2017.
- Mr. Ahmad Adnan Alkhudari was appointed in place of Mr. Adnan Abdel Karim Ghaith as the Representative of Amman's Chamber of Industry on the 10th of January 2017.
- Dr. Samer Ibrahim Mofleh was appointed in place of Dr. Hesham Saleh Gharaibeh as the Representative of the Social Security Corporation on the 1st of August 2017.

Board of Directors		Supporting Documents
9	A brief statement clarifying the General Policy of the Board of Directors to determine the duration of service of the Board.	
10	A statement clarifying the procedures and tasks carried out by the Remunerations and Nominations Committee for the determination, selection, nomination, and placement of a group of candidates for vacant positions in the company. Under Article 7 (B) of the Employees System, the procedures and functions of the Remuneration and Nominations Committee have been determined.	
11	A statement showing how the performance of the Board of Directors and its committees and each of its members (in the event of such evaluation). There is no evaluation.	

Committees emanating from the Board of Directors

1	Committees emanating from the Board of Directors and the responsibilities of each committee. 1. Central tenders committee, responsibilities determined in Supplies and works system. 2. Financial committee, responsibilities determined in financial system. 3. Remuneration and nominations committee, responsibilities determined in Employees system. Internal auditing and oversight committee, responsibilities determined in System and guidance manual for the supervision unit.
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1. The number of meetings of committees emanating from the Board of Directors and the number of times of attendance of each member alone.

Central Tenders Committee.

The Committee convened (16) times during the year 2017, attendance as follows:

No.	Member	Number of invitations to convene	Number of attendances
1	Mr. Walid Mithkel Asfour	16	14
2	Eng. Abdel Alrahim Boucai	16	15
3	Mr. Adnan Abdel Karim Ghaith *	1	1
4	Eng. Khair Abdullah Abu Saalik	16	6
5	Mr. Ahmad Alkhudari **	15	11
6	Eng. Abdel Karim Alawin	16	15

* Membership ended from this Committee on the 11th January 2017 due to the end of his membership on the Board of Directors.

** Appointed in the Committee starting on the 9th February 2017.

Financial Committee.

The Committee convened (6) times during the year 2017, attendance as follows:

No.	Member	Number of invitations to convene	Number of attendances*
1	Eng. Abdel Alrahim Boucai	6	6
2	Eng. Khair Abdullah Abu Saalik	6	6
3	Eng. Alaa Arif Batayneh	6	4
4	Mr. Adnan Abdel Karim Ghaith *	0	0
5	Mr. Saeed Abdullah Shanan	6	5
6	Mr. Ahmad Adnan Alkhudari **	5	3
7	Eng. Abdel Karim Alawin	6	6

* Membership ended from this Committee on the 11th of January 2017 due to the end of his membership on the Board of Directors.

** Appointed in the Committee starting on the 1st February 2017.

Remuneration and Nominations Committee.

The Committee convened (4) times during the year 2017, the attendance as follows:

No.	Member	Number of invitations to convene	Number of attendances*
1	Eng. Omar Ashraf AlKurdi	4	4
2	Dr. Nabih Ahmad Salameh	4	4
3	Eng. Suleiman Abdel Razzaq Al-Daoud *	1	0
4	Dr. Samer Ibrahim Mofleh**	1	1

* Membership ended from this Committee on the 27th March 2017 due to the end of his membership on the Board of Directors.

** Appointed as member in this Committee on 5th December 2017.

Internal Audit and Control Committee.

The Committee convened (5) times during the year 2017, the attendance as follows:

No.	Member	Number of invitations to convene	Number of attendances*
1	Mr. Bassam Rashad Sinokrot	5	5
2	Mr. Mohammad Majed Allan	5	5
3	Dr. Hesham Saleh Gharaibeh *	4	4
4	Eng. Shakib Odetallah **	1	1

* Membership ended from this Committee on the 1st August 2017 due to the end of his membership on the Board of Directors.

** Appointed as a member in this Committee on 18th September 2017.

2 Names of Chairman, Deputy Chairman, and Members for all Board of Directors Committees.

Central Tenders Committee

1	Mr. Walid Mithkal Asfour	Chairman
2	Eng. Abdel AlRahim Boucai	Deputy Chairman
3	Mr. Adnan Abdel Karim Ghaith *	Member
4	Eng. Khair Abdullah Abu Saalik	Member
5	Mr. Ahmad Alkhudari **	Member
6	Eng. Abdel Karim Alawin	Member

* Membership ended from this Committee on the 10th January 2017 due to the end of his membership on the Board of Directors.

** Appointed in the Committee starting on the 9th February 2017.

Financial Committee

1	Eng. Abdel Alrahim Boucai	Chairman
2	Eng. Khair Abdullah Abu Saalik	Deputy Chairman
3	Eng. Alaa Arif Batayneh	Member
4	Mr. Adnan Abdel Karim Ghaith *	Member
5	Mr. Saeed Abdullah Shanani	Member
6	Mr. Ahmad Adnan Alkhudari **	Member
7	Eng. Abdel Karim Alawin	Member

* Membership ended from this Committee on the 10th January 2017 due to the end of his membership on the Board of Directors.

** Appointed in the Committee starting on the 1st February 2017.

Remuneration and Nominations Committee.

1	Eng. Omar Ashraf Alkurdi	Chairman
2	Dr. Nabih Ahmad Salameh	Deputy Chairman
3	Eng. Suleiman Abdel Razzaq Al-Daoud *	Member
4	Dr. Samer Ibrahim Mofleh**	Member

* Membership ended from this Committee on the 27th March 2017 due to the end of his membership on the Board of Directors.

** Appointed as member in this Committee on 5th December 2017.

Internal Audit and Control Committee.

1	Mr. Bassam Rashad Sinokrot	Chairman
2	Mr. Mohammed Majed Allan	Deputy Chairman
3	Dr. Hesham Saleh Gharaibeh *	Member
4	Eng. Shakib Odetallah. **	Member

* Membership ended from this Committee on the 1st August 2017 due to the end of his membership on the Board of Directors.

** Appointed as a member in this Committee on 18th September 2017.

Risk management		Supporting Documents
1	<p>A statement detailing the procedures applied by the Board of Directors to review the effectiveness of the Internal Control/Audit System, for example, reports received from Management about the system.</p> <ol style="list-style-type: none"> 1. Through the reports of the Internal Audit Unit, that is directed to the Audit and Control Committee emanating from the Board of Directors. 2. An evaluation form of the Internal Control/Audit System in the company is prepared and presented annually according to the concept of COSO and submitted to the internal Audit and control Committee. 3. The Executive Management has been assigned to work on developing a plan for the development of the internal control/oversight system in the company. 	Evaluation form for the company's internal control system according to the concept of COSO.
2	<p>A statement clarifying the role of the Audit Committee and other relevant committees and the Internal Audit Department to assess the internal control/oversight system on an annual basis.</p> <p>An evaluation form for the Internal Control System of the company is prepared and submitted annually according to the concept of COSO.</p>	
3	<p>A statement indicating the necessary actions that have been taken or are being taken to address any failures or weaknesses discovered in the internal Control/Audit System.</p> <ol style="list-style-type: none"> 1. To implement the principles stipulated in the Guide/Code of Corporate Governance of Listed Companies on the Amman Stock Exchange. 2. Implementation of the recommendations contained in the reports of the Internal audit and Control/Audit Unit on the work of the company's various departments <p>Implement the recommendations of the commissions of inquiry to prevent repetition of mistakes and abuses committed.</p>	Reports of the Internal Control and Audit Unit, which are submitted to the Internal Control and Audit Committee.

Corporate Governance Performance Assessment Card

Methodology:

- Done with the approval of the Audit Committee emanating from the Board of Directors.
- Please mark "X" in one of the boxes under the "Answers" clause.

Criteria	Answers			Notes
	Yes	To some extent	No	
1. Commitment to Corporate Governance Principles				
1-1	X			The Board of Directors decided in their session no. (5/2015) on 23/3/2015 to apply the rules of Corporate Governance of listed companies on the Amman Stock Exchange.
1-2	X			And approved a Policy of Conflict of Interest for Members of the Board of Directors, Executive Management, Employees, and a Policy for Profit Distribution and Disclosure.
1-3	X			
1-4	X			

2. Equity and stakeholder relations					
2-1	Do the shareholders and / or their agents be notified of the date of the meetings of the General Assembly and the agenda items well in advance of the meeting (by hand or by regular mail and e-mail at least 21 days prior to the meeting) and publishing the announcement of the meeting at least twice in three local newspapers	X			Invitations are sent via mail 21 days prior to the meeting, and announced in three official newspapers twice, and posted on the company's official website.
2-2	Are information on conflicts of interest relating to the appointment of directors, senior management and transactions with stakeholders announced and disclosed?	X			The Disclosure Form shall be filled by the Members of the Board of Directors and Senior Management. There is currently no conflict of interest. The Board of Directors decided in their session no. (5/2015) on 23/3/2015 to instruct the Senior Management to prepare a written and clear policy to deal with conflicts of interest. There is a Policy to regulate the conflict of interests approved by the Board of Directors. Disclosure shall be in accordance with the instructions of the Jordan Securities Commission.
2-3	Do shareholders get a good opportunity in terms of time and relevant information that enables them to consider important decisions that may have a significant impact on the status of the assets or liabilities of the company (e.g. merger or liquidation, sale of the company or ownership of other companies entirely, sale of part or all assets of the company affecting its objectives and aims)?	X			This is done during the meetings of the General Assembly.
2-4	Does the company have a written and approved Dividend Policy?	X			There is a Dividend Policy approved by the Board of Directors
2-5	Is the Election of the Members of the Board of Directors based on a specific and transparent nomination process? (Such as sending an introductory profile of candidates for Board Membership with the General Assembly Meeting Invitation).	X			Compliance with the Companies Law and the instructions of the Securities Commission.
2-6	Are the members of the Board of Directors elected by way of a cumulative vote in a secret manner?	X			
2-7	Does the Company's Articles of Association provide special provisions for the representation of Minority Shareholders on the Board of Directors			X	
2-8	Has the company approved and disclosed written internal regulations and procedures on policies for dealing with conflicts of interest and the exploitation of internal information in the trading of the company's shares?	X			The Board of Directors decided in their session no. (5/2015) on 23/3/2015 to instruct the senior management to prepare a written and clear policy to deal with conflicts of interest, and there is a policy of conflict of interest for members of the Board of Directors, executive management, employees, approved by the Board of Directors.

Criteria		Answers			Notes
		Yes	To some extent	No	
2. Equity and stakeholder relations					
2-9	Has the company adopted a clear policy of recourse to arbitration and is available to shareholders to take such action in legal proceedings against the Board of Directors or any of its members to claim compensation for damages resulting from the violation of legislation by force, violation of the Company's Articles of Association or wrongdoing or negligence in the management of the Company or disclosure of its secrets?			X	
2-10	Does the company adopt a policy to grant shareholders a priority subscription when issuing new shares?	X			
2-11	Does the company disclose information about transactions between the company and the senior management / Board of Directors of the company (ie transactions with related parties)?	X			In the event of transactions they are disclosed, Directors and Senior Management are signed on a form in this regard, and the company is committed to the JSC's Instructions and Disclosure Instructions.
2-12	Are shareholders notified in advance of all significant business transactions, risks and issues that may affect the company's operations?	X			Shareholders have been notified of this through Annual Reports and binding disclosures in accordance with International Standards.
2-13	Does the company have a mechanism to receive complaints and suggestions from shareholders, including complaints and suggestions related to the inclusion of certain items on the agenda of the General Assembly meeting in such a way as to ensure that they are considered and acted upon within a certain period of time?	X			
2-14	Does the company have a written policy to regulate relationships with stakeholders?	X			Supplies and Works System, and there is a Policy of Conflict of Interest for Members of the Board of Directors, Executive Management, Employees, approved by the Board of Directors.
2-15	Are all stakeholders, including staff and their representatives, available with clear channels of communication with the Board of Directors?	X			
3. Disclosure and transparency of information					
3-1	Does the company have written procedures and a written policy approved by the Board of Directors, indicating the manner in which the disclosure process is regulated and the implementation of this policy in accordance with the requirements of the regulatory authorities and the legislation in force?	X			The Board of Directors decided in their session no. (5/2015) on 23/3/2015 to instruct the senior management to prepare the necessary procedures for the implementation of a written policy approved by the Board of Directors, indicating the manner in which the process of disclosure of information and follow-up of the implementation of this policy is regulated in accordance with the requirements of the regulatory authorities and the Legislation in Force, and there is the Disclosure Policy approved the Board.

		Answers			Notes
		Yes	To some extent	No	
Criteria					
3. Disclosure and transparency of information					
3-2	Does the company disclose its financial statements and the reports of the external auditors on time in the legislation?	X			
3-3	Does the company disclose the Dividend Policy approved by the company (if any)? And does the company comply with this Policy?	X			The Board of Directors decided in its session No. (5/2015) on 23/3/2015 to instruct the Finance Committee to study and establish a written dividend policy. There is a dividend distribution policy approved by the Board of Directors. The company discloses the proposed mechanism for the distribution of profits on an annual basis in accordance with the regulations and instructions of JSC and the Companies Law.
3-4	Does the company disclose information related to development plans, company objectives, risks and future information that may affect the business?	X			The annual report.
3-5	Does the company disclose in its annual report the number of meetings of the board of directors and the attendance rate of each member in those meetings?	X			
3-6	Does the company disclose to the General Authority the activities of the committees emanating from the Board of Directors?	X			
3-7	Does the company disclose in a timely and transparent manner the events, transactions, risks and critical information regarding the company's operations?	X			
3-8	Does the company disclose the information of its external auditors and the most important terms and conditions of dealing with them?	X			
3-9	Does the company disclose the key information related to Corporate Governance, including its compliance with the Code of Corporate Governance of the listed companies listed on the Amman Stock Exchange, for example: information of the Board of Directors, method of nominating Members, determining their Remuneration, the main Committees emanating from the Board of Directors, Members and so on?	X			The annual report.
3-10	Does the company disclose its CSR policy towards the community and the environment?	X			This is disclosed in the annual report.
3-11	Does the company use its website to publish the above information?	X			The Board of Directors decided in its session No. (5/2015) on 23/3/2015 to assign the senior management to instruct the Information Systems Unit to re-structure and activate the company's website, and this is currently activated and applied.
4. The role and responsibilities of the Board of Directors and senior management					
4-1	Are the Board Members between 5 and 13 members?	X			
4-2	Is there a statute that is subject to annual review and defines the roles and responsibilities of each Board Member and Senior Management?	X			There is a statute but not subject to annual review.
4-3	Are Senior Management and Board Members required to notify the Board of Directors of any conflict of interests?	X			Policy of Conflict of Interests approved by the Board.

Criteria	Answers			Notes	
	Yes	To some extent	No		
4. The role and responsibilities of the Board of Directors and Senior Management					
4-4	Are the rewards of Senior Management and Board Members determined in accordance with written and declared principles and procedures that are clear and transparent?	X			There are bonuses for Directors in accordance with the provisions of the Companies Law, and are disclosed in the Annual Report.
4-5	Does the company have a written policy that prevents Members of the Board of Directors and Employees of the company from trading shares before and after the important events and issuing the financial statements, and does each of the Management Persons and Members of the Board of Directors inform the company about changes in their ownership in the company and not exceeding the transaction date by 24 hours?	X			The Board of Directors decided in its session no. (5/2015) on 23/3/2015 to assign the Senior Management to prepare a Code of conduct for the Members of the Board of Directors, Senior Management and Employees of the company in this regard, and there is a Policy of Conflict of Interest approved by the Board.
4-6	Do senior management provide the Board of Directors with periodic, detailed and timely information on events that could significantly affect the success of the Company's operations and / or the financial position of the Company and the quarterly financial statements and the auditor's reports?	X			
4-7	Do independent members constitute at least one third of the board of directors?	X			
4-8	Does the Board of Directors approve an annual work plan for the work of the board?	X			The Board of Directors decided in their session No. (5/2015) on 23/3/2015 to instruct the Secretary of the Board of Directors to prepare an Annual Work Plan for the work of the Board for approval by the Board.
4-9	Does the Board have major committees such as Auditing, Nominations and Remuneration?	X			
4-10	Are the above committees (the Audit Committee, the Nomination and Remuneration Committee) composed of at least three non-Executive Members of the Board of Directors, at least two of whom are independent members, one of whom shall chair the Committee?		X		The Board of Directors decided in their session no. (5/2015) on 23/3/2015 to postpone the restructuring of the Audit Committee so that two Independent Members and at least one of its members have practical experience in the fields of accounting or finance and holds a university or professional degree in accounting, Related fields beyond the General Assembly of the company and the election of a new Board and thus reshaping the committees.
4-11	Do the members of the Board of Directors and its committees have the appropriate skill set and independence as well as management experience and knowledge of the relevant regulations and understand the roles and responsibilities of the Board of Directors?	X			

Criteria		Answers			Notes
		Yes	To some extent	No	
4. The role and responsibilities of the Board of Directors and Senior Management					
4-12	Does the board discuss the company's risk strategy and how to reduce it?		X		The Board of Directors decided in their session no. (5/2015) on 23/3/2015 to assign the Senior Management to prepare the Company's Risk Strategy and how to reduce these risks for discussion in the Board of Directors.
4-13	Does the Board of Directors and the committees emanating from work according to clearly defined terms of reference and under written policy?	X			Through Corporate Law and Company Regulations.
4-14	Do the Audit Committees, Nominations and Remuneration carry out their responsibilities and roles?	X			
4-15	Does the Board evaluate each Senior Management Person, including the management method and level of contribution to the implementation of strategies, policies, plans and procedures in place under an effective evaluation mechanism?	X			
4-16	Does the Chairman of the Board of Directors not hold an executive position in the company, and does not receive a salary from the company?	X			The Chairman of the Board receives a monthly bonus for part-time and does not hold an executive position according to Company Governing Laws.
4-17	Does the Board have a written and clear policy to deal with conflicts of interest?	X			The Board of Directors approved the policy to deal with conflicts of interest for members of the Board of Directors, Executive Management, and Employees.

Criteria		Answers			Notes
		Yes	To some extent	No	
5. Risk Management and Control					
5-1	Does the company have a clear delegation policy to identify authorized personnel and the limits of their authority?	X			
5-2	Have Internal Audit and compliance departments been established to ensure compliance with applicable laws and regulations and the requirements of regulatory institutions, supervisory authorities, policies, plans and procedures established by the Board of Directors?		X		The Board of Directors decided in their session No. (5/2015) on 23/3/2015 to appoint an employee to follow up compliance with applicable laws and regulations and the requirements of supervisory institutions and supervising authorities, policies, plans and procedures established by the Board of Directors.
5-3	Does the Audit Committee consist of members with financial and accounting knowledge and experience with at least one member having accounting or financial experience with a university or professional degree in accounting, finance or related fields?	X			
5-4	Does the company have at its disposal all the facilities it needs to perform its responsibilities, including the ability to hire an outside expert when necessary?	X			Does not have the authority to hire an outside expert without the approval of the Board of Directors.
5-5	Can the Audit Committee in accordance with the facilities available, verify the absence of a conflict of interest because of the company or contacts or projects related party transactions?	X			Through the Internal Control and Auditing Unit.
5-6	Does the Audit Committee meet with the External Auditor at least once a year without the attendance of the Executive Management or its representative?	X			
5-7	Is the internal audit function independent and does the internal audit of the Board's Audit Committee have direct technical dependency?	X			
5-8	Does the external auditor attend all shareholder meetings that discuss the financial statements?	X			
5-9	Does the company change external auditors periodically to ensure their independence in accordance with the laws and regulations and does the company have written guidelines for dealing with external auditors on non-audit matters?		X		The responsible partner of the external auditor is changed
5-10	Does the company have written and documented policies with clear and up-to-date documentation on human resources, information technology and financial management?	X			
5-11	Does the company have written policies and clear procedures for Internal Control and Risk Management and does the company review and test the effectiveness of these policies and procedures on an annual basis?		X		The Company has written policies and clear procedures for Internal Control, but Risk Management is not available nor tested annually.
5-12	Does the company have a Financial Management department with sufficient staff with professional skills and exercising their functions through modern financial management systems and processes to ensure proper control?	X			

Audit Committee Form on Corporate Governance

Company Name: Jordan Petroleum Refinery Company Limited

The Audit Committee examined compliance with the requirements of Corporate Governance as stipulated in the Code of Corporate Governance of Listed Companies on the Amman Stock Exchange and the Balanced Scorecard for Corporate Governance of Public Shareholding Companies listed on the Amman Stock Exchange issued by the Securities Authority for the year ended 31/12/2017.

The Board of Directors is responsible for complying with the requirements of the Corporate Governance Manual of Public Shareholding Companies listed on the Amman Stock Exchange. Our review is limited to the procedures and implementation of these conditions, which the Company has approved to ensure compliance with corporate governance requirements. This review does not constitute an audit or an opinion in the Company's financial statements.




In our opinion, based on the best information available to us and in accordance with the explanations provided to us, we have reached to the following:

1. There is sufficient compliance with the provisions of the Corporate Governance Guide for Public Shareholding Companies listed on the Amman Stock Exchange.
2. There is a commitment to the governance guide by the Board of Directors and to continue to apply it.
3. A number of conditions will be complied with after the necessary amendments have been made and approved by the Board of Directors.

We certify that the Company, in accordance with the information available to us, has complied with the Corporate Governance Rules as set out in the Corporate Performance Balanced Scorecard as set forth above.

We also acknowledge that such compliance does not constitute a guarantee of the Company's continued future or of the efficiency or effectiveness with which the Administration has managed the Company's affairs.

Names and signatures of the Audit Committee on behalf of the Board of Directors,

Name	Chairman of the Control and Internal Audit Committee Mr. Bassam Sinokrot	Deputy Chairman of the Control and Internal Audit Committee Mr. "Mohammad Majed" Allan	Member Eng. Shakib Odetallah
signatures			

The following table shows the number of shares owned by Members of the Board of Directors and whom they represent as on 31/12/2017:

Name	Number of shares owned personally	No. of shares owned by the organization and the member whom represents.
Chairman of the Board Mr. Walid Mithkal Asfour	11592	-
Deputy Chairman Eng. Omar Ashraf AlKurdi	25000	-
Eng. Alaa Arif Batayneh	6666	-
Eng. Abdel Alrahim Boucai	27393	-
Dr. Nabih Ahmad Salameh	4801	-
Mr. Bassam Rashad Sinokrot	472358	-
Dr. Nabih Ahmad Salameh	4801	-
Mr. Bassam Rashad Sinokrot	472358	-
Eng. Khair Abdullah Abu Saalik	4350	-
Representative of Al Samaha Finance & Investment Mr. "Mohammad Majed" Allan	15000	500
Representative of the Islamic Development Bank-Jeddah: Mr. Khalid Mohammad Habib.	-	6250000
Representatives of Social Security Corporation: 1- Dr. Samer Ibrahim Mofleh 2- Mr. Saeed Abdullah Shanan	0 0	20140624
Representative of Engineering Association Pension Fund: Eng. Shakib Odetallah	-	802660
Representative of Amman Chamber of Industry Ahmad Adnan Alkhudari	-	625312

Companies controlled by a Board of Directors Members or a Relative of the Member.

Member name	Name of members relative & relationship	Company	Number of Shares
Mr. Walid Mithkal Asfour	Non	Non	0
Eng. Omar Ashraf AlKurdi	Non	Non	0
Eng. Alaa Arif Batayneh	Non	Non	0
Eng. Abdel Alrahim Boucai	Non	Non	0
Dr. Nabih Ahmad Salameh	Non	Non	0
Mr. Bassam Rashad Sinokrot	Non	Non	0
Eng. Khair Abdullah Abu Saalik	Non	Non	0
Mr. "Mohammad Majed" Allan	Non	Non	0
Mr. Khalid Mohammad Habib*	Non	Non	0
Dr. Samer Ibrahim Mofleh	Non	Non	0
Mr. Saeed Abdullah Shanani	Non	Non	0
Eng. Shakib Odetallah	Non	Non	0
Ahmad Adnan Alkhudari	Non	Non	0

* Membership ended on 12th March, 2017

Comparing the number of shares owned by the members of the Board of Directors and the entities they represent between the years 2016-2017.

Name	Position in the Board	2016			2017		
		Shares owned by Member	Shares owned by the entity represented	Companies controlled by the member or on of his relatives	Shares owned by Member	Shares owned by the entity represented	Companies controlled by the member or on of his relatives
Mr. Walid Mithkal Asfour	Chairman	11592			11592		
Eng. Omar Ashraf Alkurdi	Vice Chairman	12000			25000		
Eng. Alaa Arif Batayneh	Member	6666			6666		
Eng. Abdel Atrahim Fathi Boucai	Member	26393			27393		
Mr. "Mohammad Majed" Allan	Representative of Al Samaha Finance & Investment	10000	1098		15000	500	
Dr. Nabih Ahmad Salameh	Member	4801			4801		
Khair Abdullah Abu Saalik	Member				4350		
Eng. Shakib Odetallah	Representative of the Pension Fund of the Engineers Association		680181			802660	
Mr. Khalid Mohammad Habib*	Representative of the Islamic Development Bank- Jeddah	0	6250000			6250000	
Mr. Bassam Rashad Sinokrot	Member	472358			472358		
Mr. Ahmad Adnan Alkhudari	Representative of Amman chamber of Industry		625312			625312	
Dr. Samer Ibrahim Mofleh	Representatives of The Social Security Corporation		20140624			20140624	
Mr. Saeed Abdullah Shanan							

* Membership ended on 12th March, 2017

(14) Curriculum vitae of the Chief Executive Director and Executive Directors of the Company and the amounts paid during 2017.

Name	Date of Birth	Academic Degree	Graduation Year	Current Position	Date of Appointment	Shares Held	Shares Held by Relatives	Projects and contracts held by the company with senior management staff	Salaries in 2017 (JD)	Travel allowance in 2017 (JD)
Eng. Abdel Karim Alawin	1955	BS in Chemical Engineering/I.I.T University/ India	1978	Chief Executive Officer	28/10/1978	31249	N/A	N/A	281,178	16,494
Eng. Khaled Mohamed Al-Zoubi	1955	BS in Electric Engineering/ Ain Shams University/ Egypt	1979	General Manager of the Petroleum Products Marketing Co.	21/9/2013	3669	N/A	N/A	210,579	2100
Eng. Kamal Waleed Al-Tall	1959	Masters in Petroleum Engineering/ Ploesti - Romania	1982	Refinery Executive Director	9/10/1982	N/A	1600 (Wife)	N/A	56,398	N/A
Eng. Hani Ahmad Shawash	1948	BS in Mechanical Engineering /University of Bratislava / Slovakia	1975	Advisor to the Chief Executive Officer for Technical Affairs	9/7/2008	N/A	N/A	N/A	75,846	8778
Mr. Ahmed Khaled Al-Shalabi	1969	BS Business Management/ Mutah University - Jordan	1997	Executive Director of Human Resources	16/7/2016	N/A	N/A	N/A	60,927	N/A

15. Administrative Affairs:

First: Training and Development:

Jordan Petroleum Refinery Company recognizes the importance that all employees have the opportunity to grow and develop to ensure that they have the necessary skills to meet the demands and challenges of the business environment. As such, the company continues to expand its portfolio of training and development programs to improve organizational performance and respond to the development needs of all our employees

The following is a summary of the most important achievements and events for 2017:

1. Training & Development of Employees.

- A) Delegating (379) employees to attend training courses (technical, administrative, financial) and other activities inside Jordan executed through (75) training programs.
- B) Delegating (86) employees to attend various courses, exhibitions, conferences, and official assignments outside Jordan executed through (42) activities

No.	Training and other activities categorized	Inside the Kingdom		Abroad	
		Number of training activities	Number of participants	Number of training activities	Number of participants
1	Administrative training courses	22	121	0	0
2	Technical training courses	13	72	3	6
3	Occupational Safety and health	18	141	0	0
4	Conferences, workshops, seminars	19	40	17	27
5	Visiting exhibitions	3	5	22	53
	Total	75	379	42	86

2. Training university and college students.

- A) As part of the company's role in serving the community, and to reduce unemployment among engineers by providing them with scientific expertise, and preparing them for entering the market, the number of training seats within the company provided for training newly graduated engineers was (28) training opportunities with expense paid by the company.
- B) Also as part of the companies continued cooperation with universities, colleges and various Jordanian institutes, and delegates from the IAESTE Organization, and the Arab Council for the exchanging university students within the training program for Arab students, in order to complete graduation requirements, a total of (120) students were trained in the company's facilities.

Secondly: Working Manpower:

- A) The total number of employees on 31/12/2017 was (2874) distributed as shown below:

Employment type Particulars	Mother company/ Jordan petroleum Refinery	Percentage for Mother company/ Jordan petroleum Refinery	Subsidiary/ Petroleum products Marketing company	Percentage for Subsidiary/ Petroleum Products Marketing company	Total	Percent %
Classified, permanent	2180	86%	7	2.06%	2187	76.10%
Annual Contract	347	13.69%	283	83.48%	630	21.92%
Temporary contract*	8	0.32%	49	14.45%	57	1.98%
Total	2535	100%	339	100%	2874	100%

*Temporary contract (6) months

B) The Following table compares the numbers of staff and workers in the Company for the years 2016 and 2017:

Employment type Particulars/Year	2016		2017	
	Mother company/ Jordan petroleum Refinery	Subsidiary/ Petroleum products Marketing company	Mother company/ Jordan petroleum Refinery	Subsidiary/ Petroleum products Marketing company
Classified	2248	3	2180	7
Annual Contract	411	213	347	283
Temporary contract*	15	32	8	49
Total	2674	248	2535	339
	2922		2874	

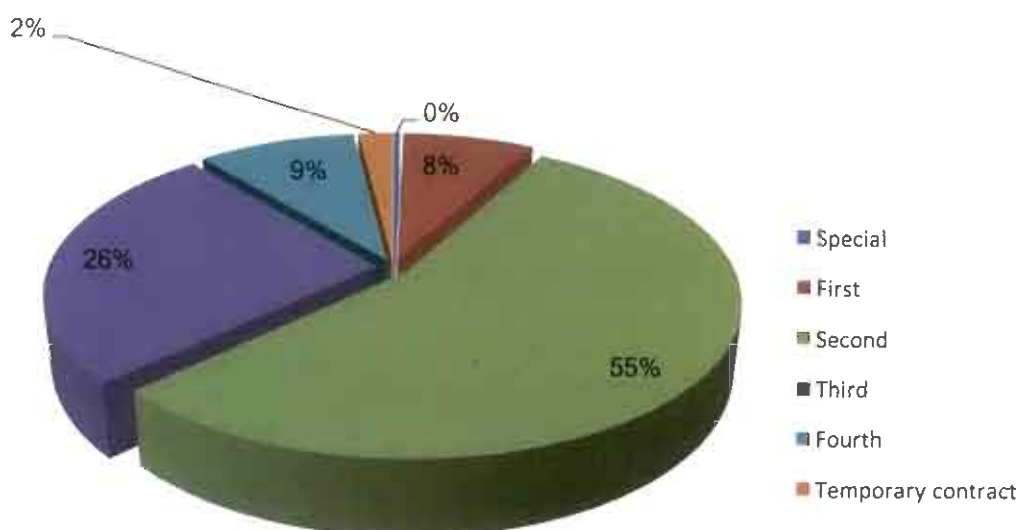
* Temporary contract (6) months

C) The following table and pie chart show the distribution of all Employees according to their category or rank group as at 31/12/2016:

Category / Rank group	Mother Company/ Jordan Petroleum Refinery			Total	Percent- age	Subsidiary/ Petroleum Products Marketing Company			Total	Percent- age	Total	Percent- age
	Classified, permanent	Contracts	Temporary contracts			Classified	Annual Contracts	Temporary contract				
Special	7	2	0	9	0.36%	0	1	0	1	0.29%	10	0.35%
First	209	4	0	213	8.40%	1	5	0	6	1.77%	219	7.62%
Second	1297	276	0	1573	62.05%	3	4	0	7	2.06%	1580	54.98%
Third	667	65	0	732	28.88%	3	9	0	12	3.54%	744	25.89%
Fourth	0	0	0	0	0.00%	0	264	0	264	77.88%	264	9.19%
Temporary contracts*	0	0	8	8	0.32%	0	0	49	49	14.45%	57	1.98%
Total	2180	347	8	2535	100%	7	283	49	339	100%	2874	100%

* Temporary contract (6) months

Distribution of Total Employees according to Category/ Rank group



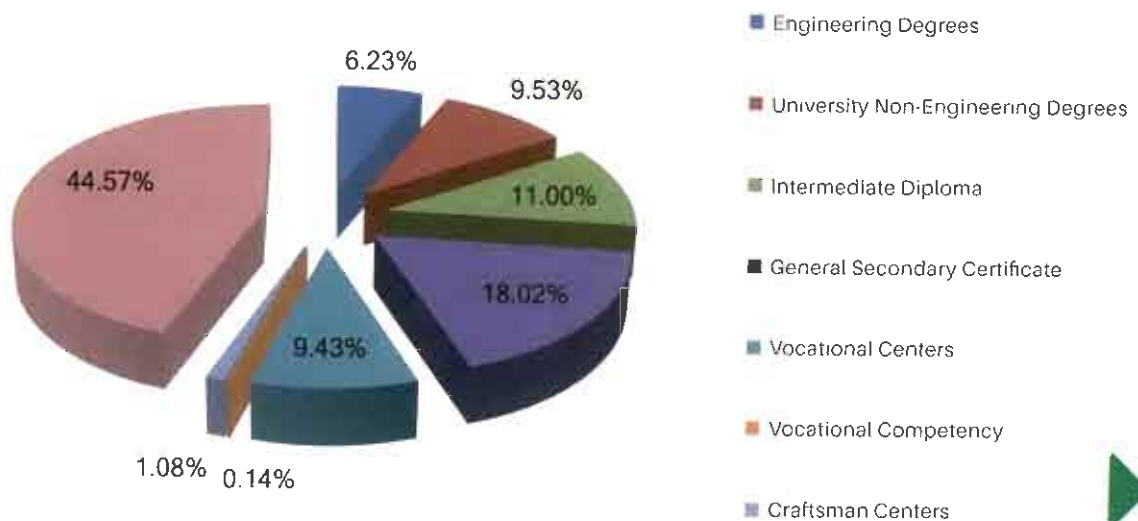
D) The following table and pie chart show the distribution of all Employees according to their Educational Qualifications as on 31/12/2017:

Category / Rank group	Mother Company/ Jordan Petroleum Refinery			Total	Percent- age	Subsidiary/ Petroleum Products Marketing Company			Total	Percent- age	Total	Percent- age
	Classi- fied, perma- nent	Con- tracts	Tem- porary contracts			Classi- fied	Annual Con- tracts	Tem- porary contract				
Engi- neering degrees	134	28	0	162	6.39%	2	13	2	17	5.01%	179	6.23%
University Non- en- gineering degrees	112	51	0	163	6.43%	3	84	24	111	32.74%	274	9.53%
Diploma	252	33	0	285	11.24%	2	27	2	31	9.14%	316	11%
General Secondary Certificate	314	164	0	478	18.86%	0	29	11	40	11.80%	518	18.02%
Vocational Centers	243	14	4	261	10.30%	0	10	0	10	2.95%	271	9.43%
Vocational compe- tency	2	0	0	2	0.08%	0	2	0	2	0.59%	4	0.14%
Craftsman Centers	30	0	0	30	1.18%	0	1	0	1	0.29%	31	1.08%
Below general Secondary Certificate	1093	57	4	1154	45.52%	0	117	10	127	37.46%	1281	44.57%
Total	2180	347	8	2535	100%	7	283	49	339	100%	1281	100%

*Temporary contract (6) months



Distribution of Total Employees according to their Educational Qualifications



(16) Safety and Environment:

Ever since its inception, the company has been diligent for ensuring adequate safety for its staff and facilities, under the motto "Safety First". The Company aims to consolidate the concept of "Safety Culture" among its employees by ensuring that safety is everyone's responsibility from the top management level to the lowest level, through the involvement of employees in decision-making, establishing documented procedures for ensuring the safe operation of equipment, and by providing personal protective equipment for the employees as required by the safety regulations in the Company.

Listed below are some of the main achievements of the Safety & Environment Sections during the year 2017:

First: Safety Section:

1. Spreading the culture of "Safety is the Responsibility of All" among employees through continuous training and other means of awareness.
2. Follow-up issuance of different work permits at the refinery / site, and ensure compliance with safety regulations.
3. Provide Devices to measure Flammable Gases "as new work permits".
4. Issuing new instructions regarding the safety of welding machines.
5. To continue organizing training courses for contractors and their employees in the field of safety as well as visitors to the refinery.
6. Issuing instructions regarding the building codes of scaffoldings and training and qualifying a number of employees for this purpose.
7. The rehabilitation of safety supervisors through the Jordanian Institute for Occupational Safety and Health.
8. Inspect the work sites through daily and monthly field tours in the refinery units and facilities, where more than (85) direct safety orders were issued to correct the violations in which they were received.
9. Conducting field tours to check compliance with the safety requirements of different refinery departments.
10. Holding in the field training sessions for the refinery staff from various departments in addition to the safety section staff.
11. Continue to follow up with investigations of accidents and impending accidents (Near Miss) both on and off the refinery site.
12. Issuing annual accident statistics and analyzing its results and following up with the company's departments to reduce them.
13. Follow issuing difference work permits at the Refinery/site, insure complying with safety system.
14. Inspection of tankers transporting petroleum products and fuel at the loading and unloading stations in the refinery to verify compliance with the safety requirements.
15. Monitor activities related to the safety of equipment and personnel during periodic and emergency repairs and shutdowns to units and ensure that all employees comply with safety regulations and instructions.
16. Enhance the concept of risk analysis, operational risk and its application during business and daily activities.
17. Continue to issue permits for smoking and permits to use electric heaters and driving vehicles in different areas of the refinery.
18. Provide personal protective equipment for employees and participate in the development of specifications according to international standards.
19. Obtain radioactive licensing of radiation equipment and personnel working of this equipment.

Second: Environment section:

Based on the company's commitment towards the wellbeing of the local community through maintaining a healthy environmental and realizing the company's environment policy, the company has taken the following steps and activities:

1. Completed the study of the tender to treat about (7500) tons of oil sludge resulting from the activities of the different refinery.
2. Disposal of used lube oil and dangerous waste according to Environment Ministry Instructions and Regulations.
3. Disposal of dangerous waste resulting from the refinery's activities according to the laws and regulations in force.
4. Completion of the project of cleaning a number of areas of the refinery from the existing waste.
5. Monitor levels of gas emissions and the environmental situation in the refinery units, loading areas, crude oil area and the surrounding areas and do corrective actions where necessary.
6. Monitoring emission levels and environmental status in refinery units and surrounding areas.
7. Monitoring the performance of the Industrial Wastewater Treatment Unit.
8. Clean and arrange all refinery yards (Housekeeping).



(17) Local community service:

The Company continued providing services to the local community by extending financial support for educational and religious institutions, charities, and local municipalities in the Kingdom through donation to support them in achieving their mission. In 2017, the Company donated JD (508,437) to the following:

	Recipients of donations	Donation, in (JD)
1.	King Hussein Cancer Center	275,000
2.	Hashemiya Municipality	25,000
3.	Al-Ber & Ehsan campaign .The Jordanian Hashemite fund for human development.	25,000
4.	JPRC labor Union.	19,000
5.	Jordan University.	10,000
6.	Yarmouk University.	10,000
7.	Jordan University of Science& Technology.	10,000
8.	Mutah University.	10,000
9.	Al Al-Bayet Unlversity.	10,000
10.	Al-Hussein Bin Talal University	10,000
11.	Hashemite University.	10,000
12.	Al-Balqa Applied University.	10,000
13.	Al- Hashemiya Sports Club	10,000
14.	Jordan Environment Society	7,500
15.	The Palestinian Medical Relief	5,000
16.	Hashemite Cultural Forum	5,000
17.	Jordan Engineers Association / Donation for Renovation of the Homes of Whom are in need.	5,000
18.	General Union of Olive presses Owners	5,000
19.	Jordan Engineers Association / Support of chemical engineering Conference.	5,000
20.	District of Hashemiya/ Zarqa Governorate	4,265
21.	The Engineers Sport and Cultural Club	3,000
22.	Jordan Traffic Institute	3,000
23.	Prince Ali Bin Al Hussein Club For the Hearing Disability / Irbid	2,000
24.	Hashemite Association for Social Development	2,000
25.	Ira Charity Society	2,000
26.	Prince Ali Bin Al Hussein Club / Amman	2,000
27.	Jordan Hashemite Charlty Organization	2,000
28.	Islamic Cultural Society	2,000
29.	Prince Ali Bin Al Hussein Club / Irbid	2,000
30.	Ministry of Environment	1,950
31.	Jordan University / Renewable Energy conference	1,500
32.	Arab Society for Promoting Awareness on Dangerous Drugs and Narcotics.	1,000
33.	Traffic Accident Protection Society	1,000
34.	Imdad Media Center	1,000
35.	Wadi Rum Caring Center for Poor and Orphans	1,000
36.	Donation Packages for Families in need.	1,000
37.	The Jordanian Arabic Language Center	1,000
38.	Al- Hashemiya Civil Defense Directorate	842
39.	Deir Yassin Association for Social Development	500
40.	Jordan Engineers Association -Zarqa Branch / Funding Scientific Day on Traffic.	500
41.	Future Generations Club for the Disabled	500
42.	Jordanian Foundation for Scientific Research	500
43.	Association for the care and rehabilitation of the Gifted Autistic Children.	500
44.	National Safety Charity Association	500
45.	Union of Environmental Associations of Zarqa Governorate	500
46.	Tareeq Al - Iman Charitable Society	500
47.	Al - Hashimiya Comprehensive Secondary School	500
48.	Prince Ali Bin Al- Hussain Club for the hearing disabilities / Zarqa	500
49.	Nefertiti Magazine - A ceremony honoring the top high school graduates of 2017	500
50.	Jordan Environment Association	480
51.	Child and Family Charity Society	400
52.	Bani Shibah Charitable Society	400
53.	Society for preserving Jordan's Environment	400
54.	Goodness of Jordan Foundation for Development	200



















being 4.4% on December 20, 2016 and currently at 3.8% to 0.5%. Accordingly, the interest for the years 2015 and 2016 to date is to be 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.

According to the Prime Ministry's Decision No. (1958), in its meeting held on February 26, 2017, it was approved to charge the discount granted to Alia Company directly to the Ministry of Finance's account without impacting the Company's revenues. During the year ended December 31, 2016, Jordan Petroleum Refinery Company has charged the interest expense of JD 79.2 million resulting from the borrowings on behalf of the National Electric Power Company to the Ministry of Finance's account and the National Electric Power Company's account. This is due to charging the Ministry of Finance's account during the previous years with the amount of interest instead of recording it in the National Electric Power Company's account. In this respect, the Company will transfer this amount to the Ministry of Finance once it receives it from the National Electric Power Company.

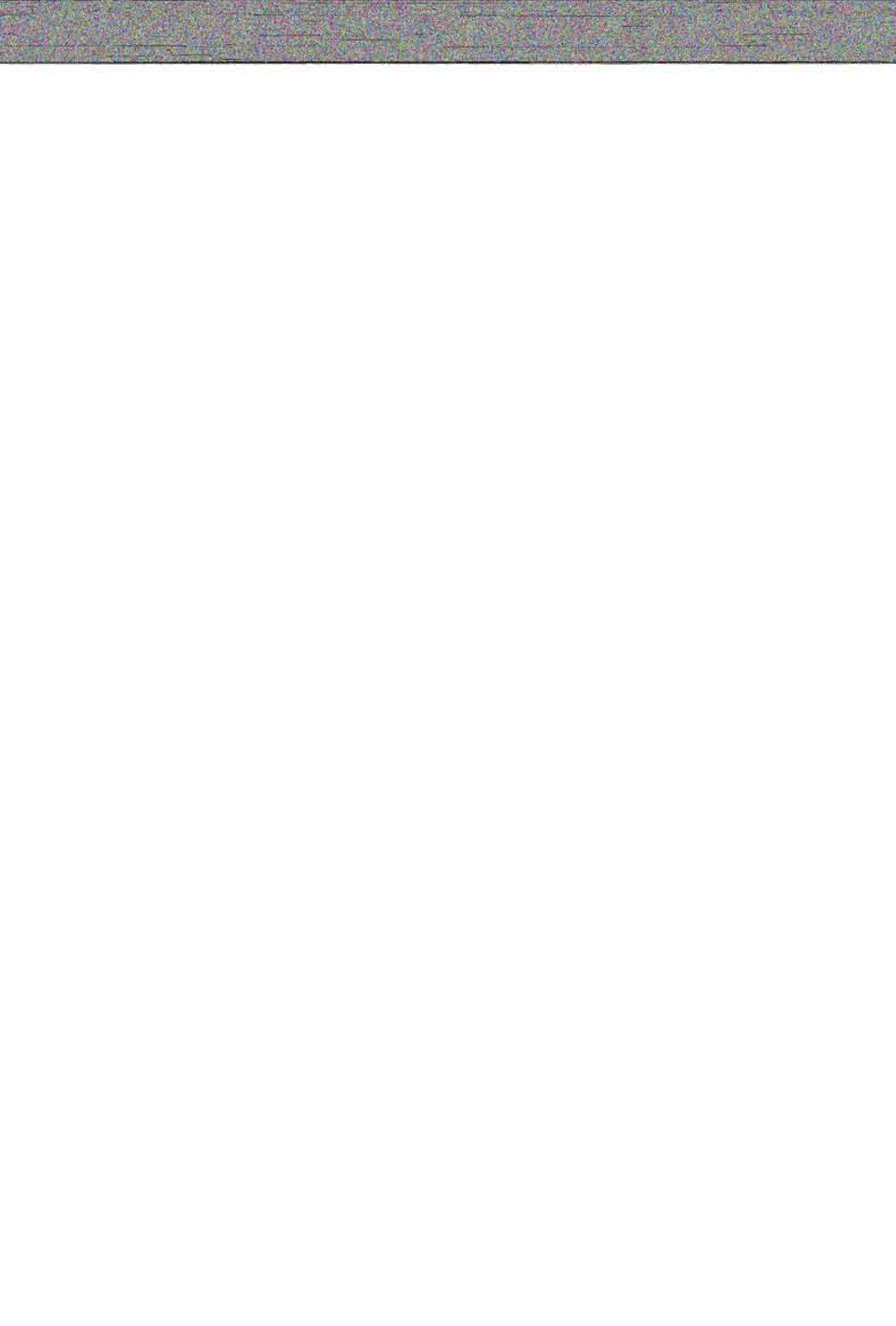
- In accordance with the Council of Ministers' Decision No. (15605), in its meeting held on May 29, 2016, the Company debited the account of National Electric Power Company with JD 79.2 million in lieu of the interest expense it incurred on its borrowings on behalf of the National Electric Power Company. In return, the Jordan Petroleum Refinery Company shall transfer the said amount from the National Electric Power Company to the Ministry of Finance. In accordance with the meeting of the Financial Relations Committee with the Jordan Petroleum Refinery Company on 18 August 2016, it was emphasized that the amount of JD 79.2 million, representing part of the actual interest incurred by the Company as a result of the actual borrowing, should be recorded in a separate account within accounts payable and other credit balances as collaterals. A counter amount equivalent to these collaterals shall be recorded as a receivable due from the National Electric Power Company within receivables and other debit balances. This amount will be transferred to the Ministry of Finance when the National Electric Power Company pays it without affecting the financial relationship with the Government.
- According to the Council of Ministers, in its meeting held on May 24, 2017, based on Article No. (149/c) from the Customs Law No. (20) for the year 1998, it was agreed to extend the exemption from customs duties for all the Company's refining imports Except for mineral oils and their inputs and any other materials from January 1, 2017 until May 01, 2018 according to the Prime Minister decision No. 3059 on May 29, 2017. Also The Council of Ministers also decided in its meeting held on January 7, 2016 and based on the provision No. 149 / C of the Customs Law No. 20 for the year 1998 and provision 3 / B of the public funds' exemption law from No. 28 for the year 2006 approved to exempt the quantities of diesel and gasoline octane 95 imported by the marketing companies from the customs duties (the unified fee) from January 1, 2016 until December 2017 under the Prime Minister's Decision No. 983 dated December 11, 2016.
- According to the Ministry of Finance, in its meeting held on May 24, 2017, based on Article No. (149/c) from the Customs Law No. (20) for the year 1998, it was agreed to exempt all Company's refining imports Except for mineral oils and their inputs and any other materials from customs duties (the unified fee) from January 1, 2017 until May 1, 2018, The company obtained the approval from the Ministry of Finance - Customs Department to waive the legalization on the required documents (invoice and the certificate of origin), based on Article No. (2/f) of Instructions No. 2 for the year 1999, and according to the Ministry of Finance-Customs Department's Letter No. 108/7/20/32295 dated July 2, 2017.
- The Council of Ministers decided in its meeting held on April 9, 2017 to approve to include the crude oil and petroleum derivatives in Table 2 attached to the General Sales Tax Law which relates to sales and services subject to General Sales Tax by (zero) effective 12 February 2017 Except for both types gasoline.
- The Council of Ministers approved, in its meeting held on January 3, 2016 decision No. 13363, based on the recommendations of the Economic Development Committee dated on December 22, 2015, to exempt the Company, from general and special sales tax effective the first of May 2013 on exclusively imported quantities sold to the marketing companies, provided that the general and sales tax thereon has been paid by those companies within the pricing structure of IPP.
- In accordance with the Council of Ministers letter number 31/17/5/21025 which is related to the opinion of Legislation and Opinion Bureau, That Jordan Petroleum Refinery Company is responsible of the costs of the Indian cylinders rejected by the Jordan Institution for Standards and Metrology, accordingly Jordan Petroleum Refinery Company sent a letter number 2/25/25/7/1741 dated on February 14, 2017 to his Excellency Minister of Finance which states that the cost of the cylinders that have been incurred by the Company up to December 31, 2016 is amounted to JD 7,665,784 and the net realizable value of these cylinders is amounted to JD 1,331,250 therefore the net losses is amounted to JD 6,334,534, and if the Company book these losses in 2016 this will decrease the targeted/guaranteed profit in an amount of JD 5,067,628 as of the year ended December 31, 2016 which will result in a negative sequences on the Company position in the financial market, based on the above, the Council of Ministers approved in its letter number 31/17/5/14/14153 dated on March 28, 2017 to deferred and amortize the loss of the Indian cylinders amounted to JD 6,334,534 over five years starting from the year 2016 with an amount of JD 1,266,907 which has been decreased from the targeted profit for the Company which is JD 15 million, accordingly the net targeted profit for the year became JD 13,733,093 on 2016. During the year 2017 the Company amortized JD 1,266,907 in the statement of income for Refinery and Gas Cylinders filling representing the portion for the year of the installments period and postponed the amortization of the remaining amount of JD 3,800,721 in order to be amortized during the subsequent 3 year period. During 2017, the Company deferred the recognition of losses related to the cost of the indian cylinders rejected by the Jordan Institution for Standards and Metrology Organization plus storage fees, based on the targeted profit equation. The International Financial Reporting Standards requires the whole amount to be deducted when incurred without deferral, The Company's records indicate that, had management recognized the losses when incurred without deferral during 2016 the net income and shareholders' equity would have been reduced by an amount of JD 5,067,628 instead of JD 1,266,907 as of December 31, 2016 and profit for the year ended December 31, 2017 would have been increased by JD 1,266,907.
- 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 extra tax of JD 15,618,205. Moreover, the Company has requested the Prime Minister to exempt the Company from income tax differences, and legal com-

penalties and fines, as these taxes resulted from taking loans exceeding the accepted rate of loans to capital, as per the Income Tax Law. Such loans are taken to insure that the electricity-generating companies have sufficient quantities of diesel and oil to compensate the shortage in the Egyptian gas. Furthermore, the Council of Ministers approved, in its meeting held on January 3, 2016, to exempt the Jordan Petroleum Refinery Company from income tax differences, legal compensations, and fines for the years 2011, 2012 and 2013. Consequently, the Company took a provision for the income tax differences for the year 2014, as this year has not been included in the decision for exemption of JD 5,422,683, provision for legal compensation for the year 2014 of JD 4,338,146, and a provision for delay payments (0.004) of JD 1,897,939, to meet any probable future tax liabilities until the Income Tax Department reviews the year 2014. The Income and Sales Tax Department presented the final and final tax assessment for 2014. The company was informed on July 2, 2017 as a result of the company's tax audit. Additional taxes were imposed at a value of JD 7,838,578 and a legal compensation amounted to JD 6,270,866 was imposed on the above tax differentials. The provision for tax differentials was increased to JD 7,838,578 and the provision for legal compensation increased to become JD 6,270,866 and an increase in the provision for delay of payment of 0.004 to become JD 2,743,502 for the period ended on September 30, 2017. The Company filed an objection at the Income and Sales Tax Department because these amounts resulted from the Company's borrowing amounts exceeding to the capital amount of the company in accordance with the income tax law and sales and the reason for borrowing is to secure the needs of power generation companies with diesel and fuel oil in light of cutting out the Egyptian gas.

The final and irrevocable decision was issued on November 6, 2017 under the Notification Instrument of the Ministry of Finance/Income and Sales Tax Department. The decision prescribed reducing tax differences to JD 6,531,687 and legal compensation to JD 250,311. Accordingly, the Company paid the amounts as per the Notification Instrument in addition to a delay penalty of JD 2,286,090 at a rate of (.004). Moreover, the Company recorded the difference of JD 2,590,680 in the consolidated statement of income for the year ended December 31, 2017.

- A lawsuit was raised against Jordan Petroleum Refinery Company on November 29, 2012 by the contractor Joint Venture Companies Christopher de Constantens (S.A), Whitermoon (S.A), and Engineering Group (K.ZV) Limited, the executor of tender No. (16/2006), in which they claimed an amount of USD 7 million as compensation for work performed, representing invoices for additional work as well as compensation and interest for the delay of the work performed. On September 22, 2015, the Court issued its decision obligating the Company to pay JD 3,605,014 with interest of 9% starting from September 20, 2015. Moreover, the Court rejected all other claims and contra-claims, and the Company recorded a provision of JD 4 million for this lawsuit.
- According to the minutes of the Company's meetings with the Ministry of Finance and the Jordan Petroleum Refinery Company held on November 8, 9 and 16, 2017, to determine the balances of the financial relation between Jordan Petroleum Refinery Company and the Government (excluding Jordan Petroleum Product Marketing Company and the Oil Factory) for the balances as of September 30, 2017, it was agreed as follows:
 1. To confirm the balance of the Ministry of Finance's main account of JD 195,194,153, 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 refining and gas activities. 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 in the amount 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 independent governmental managerial and financial 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 balance of overpricing differences of oil derivatives of JD 43,488,857; provisions for constructing alternative fuel tanks of JD 93,500,103; as well as fees, stamps and fees of IPP Bulletin of JD 9,051,757 as of September 30, 2017.
 3. The two parties have not reached an agreement on the value of the strategic inventory, as the government is demanding the amount of valuation in 2008 of JD 156,787,303. At the same time, Jordan Petroleum Refinery Company is objecting to this amount since these quantities are deposits refundable as quantities in the event the relationship with the Government is terminated. Otherwise, the Company will record these deposits at fair value on the expiry date of the relationship with the Government. Furthermore, the Company has stated these deposits off-the statement of financial position under contra accounts in an amount of JD 138,646,494 as of December 31, 2017.
 4. The two parties have not reached an agreement as to who will maintain the write-off and repair of cylinders 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 belongs to Jordan Petroleum Refining Company. In this regard, any amount for a lawsuit won by the Company will be transferred to the Government. On the other hand, any judicial expense incurred during the period of its relationship with the Government will be borne by the Ministry except for the allocated provision.
 6. The two parties have agreed that the other provisions balance of JD 234 thousand as of September 30, 2017 is the right of Jordan Petroleum Refinery Company.
 7. The two parties have agreed that the income tax provision as of September 30, 2017 is the right of the Government and is transferred to the Income and Sales Tax Department on the due date in accordance with the Income and Sales Tax Law.





































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

1. Through the petroleum derivatives pricing mechanism, annual profit from refining and distribution activities of JD 7.5 million after tax will be achieved while maintaining the change in the Company's expenses at normal rates.
2. The Lube-Oil Factory income shall be excluded from the profit referred to in item (1) above provided that it is subject to income tax.
3. The Company shall be granted an amount of 10 cents/barrel from the surplus realized by the Government as an additional income from refining the Iraqi crude oil. This consideration is calculated based on the quantity of the barrels received by the Company provided that this income is subjected to income tax.
4. An agreement shall be made between the Government's representatives and the Chairman of the Audit Committee, ensuing from the Company's Board of Directors, concerning any new provisions or the increase in the outstanding provisions. These provisions shall be reviewed quarterly.

According to the resolution of the Prime Ministry, in its meeting held on November 24, 2009, the above items have been approved for settling the financial relationship between the Government and Jordan Petroleum Refinery Company.

According to the Prime Ministry's Letter No. 31/17/5/6014 dated March 24, 2010 and the Ministry of Energy and Mineral Resources' Letter No. 6/5/1/1439 dated March 29, 2010, it was approved to extend the above agreement until the year 2010.

(B) The Company calculated the profit for the year ended December 31, 2017 and for the years 2012, 2013, 2014, 2015 and 2016 according to the resolution of the Council of Ministers, in its meeting held on September 13, 2012, which was stated in the Prime Minister's Letter No. 31/17/5/24694 dated September 17, 2012, and approved by the Company's General Assembly, in its extraordinary meeting held on November 8, 2012. This includes the following:

1. Through the oil derivatives pricing mechanism, annual net profit of JD 15 million after tax is to be achieved for Jordan Petroleum Refinery Company while keeping changes the Company's expenses at normal rates. Otherwise, the government should be consulted and coordinated concerning any deviations from these rates.
2. The Government has the right to appoint an external auditor (public accountant) to audit the Company's records for the purposes determined by the Government.
3. Income from the marketing company owned by Jordan Petroleum Refinery Company, and any other income from other future companies owned by it and operating according to licenses issued by the Ministry of Energy and Mineral Resources or the industry legislator, shall be excluded from the profit mentioned above, provided their the financial statements or accounts are separated.
4. The Lube-Oil Factory income shall be excluded from the profit referred to above, provided that the Lube-Oil Factory will be 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 gas income 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, provision for doubtful debts, provision for replacing gas cylinders, provision for lawsuits raised against the Company, provision for slow-moving and spoiled inventory, provision for self-insurance, etc.), provided that these provisions and financial statements are audited by the Government.

8. All the above points apply to the year 2011, and up to the end of the transitional period of 5 years, starting from the commencement of operations date of the marketing companies on September 1, 2012. Moreover, Jordan Petroleum Products Marketing Company started its operations on May 1, 2013.

The difference between the calculated income using this method and the calculated income on a commercial basis is included in the Ministry of Finance's account, while the difference in calculated income for the year ended December 31, 2017 and for the years, 2016, 2015, 2014, 2013 and 2012 is recorded in the provision profits' settlement with the Government. Moreover, the liquefied gas profit was not excluded from the profits stated in point (5) above, as no agreement with the Government has been reached yet regarding the commission on filling the gas cylinders, which covers costs and generates profit from this activity. The related negotiations with the Government are still ongoing in preparation for this activity and for excluding its profit from the refining profit.

(3) Significant Accounting Policies

Basis of preparation of the consolidated financial statements

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations.
- The consolidated financial statements are stated in Jordanian Dinar.
- The consolidated financial statements have been prepared in accordance with the historical cost principle except for financial assets and financial liabilities, which are stated at fair value at the date of the consolidated financial statements.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2016 except for the effect of the adoption of the new and modified standards mentioned in Note (4.a).

The following are the most significant accounting policies:

(A) Basis of Consolidation of the Financial Statements

- The consolidated financial statements include the financial statements of the Company, its subsidiaries, and entities under its control. Moreover, control is achieved when the Company has the ability to control the financial and operating policies of the subsidiary company to obtain benefits from its activities.
- Transactions, balances, revenues, and expenses between the Company and its subsidiaries are eliminated except those that have impact on the settlement with the government.
- The company will re-evaluate its control on the subsidiary company if the facts and circumstances include changes to the above mentioned control elements.
- When the voting rights of the Company are less than the majority rights of the investee Company as the Company has authority over the investee company when it has sufficient voting rights granting it the ability to direct the investee-related activities from one side the Company considers all the relevant facts and circumstances when performing an evaluation of whether the owned voting rights are enough to give it authority over the investee company or not. This includes the following:
 - The size of the Company's voting rights compared to others' and their distribution.
 - The probable voting rights owned by the Company.
 - Rights arising from any other contractual arrangements.
 - Any indications or circumstances pointing to whether the Company is currently capable/incapable of directing its related activities the decision must be taken. This includes voting patterns in the shareholders' previous meetings.

Changes in the Company's ownership and its current subsidiaries:

- Changes in owners' equity of the Company and its subsidiary which do not lead to loss of the Company's control over its subsidiaries are considered as stock transactions. The book value of the Company's shares will be adjusted to reflect the changes in its shares in the subsidiary companies. Any difference between the value, which non-controlling interests are adjusted, and the fair value of the amount paid or received is directly stated in owners' equity and will be attributed to the Company's shareholders.

When the Company loses control over a subsidiary, profit and loss will be recorded in the income statement and calculated on the basis of the difference between (1) the total of fair value the consideration received and the fair value of any remaining shares, and (2) the previous book value of assets (goodwill included), subsidiary's liabilities, and any non-controlling interests. All previously recognized amounts will be included in the other comprehensive income statement related to the subsidiary company as if it had directly disposed of the subsidiary-related assets or liabilities (i.e. reclassified to the income statement or transferred to another category within owners' equity as stated or authorized in the prevailing International Financial Reporting Standards). Moreover, the fair value of the investment kept by the prior subsidiary company on the date of the loss of control is considered as the fair value upon preliminary registration to be accounted for later as per International Accounting Reporting Standard (9), or, as deemed appropriate, the cost upon preliminary registration of the investment in an associate or joint venture.

- Transactions, balances, revenues and expenses between the Company and its subsidiaries are eliminated, except of the transactions that have an effect on the financial relationship with the Government.
- The financial statements of the subsidiary companies are prepared for the same fiscal year of the Company adopting the same accounting policies of the Company. If the accounting policies adopted by the subsidiary differ from those adopted by the Company, the necessary adjustments to the subsidiary company's financial statements are made so that its accounting policies match those of the Company.
- The result of subsidiaries company's operation will be consolidated in the consolidated income statements from the date of acquisition which is the date that the control effectively moved to the company over the subsidiary company, the result of subsidiaries company's operation which has been disposed will be consolidated in the consolidated incomes statement up to the date of disposal which is the date that the company loses control over the subsidiaries.

• The company owns directly and indirectly the following subsidiaries as of December 31, 2016

Company's Name	Authorized Capital	Ownership	Investment Balance as of December 31, 2016	Location	Establishment Date	Note
	JD	%	JD			
Jordan Petroleum Products Marketing Company (paid 100%) (1)	55,000,000	100	55,000,000	Amman	February 12, 2013	Operating
Jordan Liquefied Petroleum Gas Manufacturing and Filling Company (paid 50%) (2)	4,000,000	100	2,000,000	Amman	May 28, 2008	Non-operating
Jordan Lube - Oil Manufacturing Company (paid 50%) (2)	3,000,000	100	1,500,000	Amman	May 28, 2008	Non-operating
Al-Markzeya Fuel Trade Station Company (paid 100%) (2)	10,000	89	5,376,120	Amman	May 28, 2014	Operating
Nuzha and Istiklal Fuel and Oil Station Company (paid 100%) (2)	5,000	60	2,403,000	Amman	January 8, 2014	Operating
Al-Karak Central Fuel Station Company (paid 50%) (2)	5,000	60	779,070	Al Karak	November 26, 2014	Operating
Al-Khairat Fuel Station Company (paid 100%) (2)	5,000	60	437,079	Al Karak	November 11, 2014	Operating
Rawaby Al-Queirah Fuel and Oil Station Company (paid 50%) (2)	5,000	60	1,062,940	Aqaba	June 22, 2015	Operating
Al-Aon for marketing and Distribution Fuel products Company (paid 100%) (2)	1,005,000	60	603,000	Amman	January 10, 2016	Operating
Qaws Al-Nasser managing Fuel Stations Company (paid 100%) (2)	3,000	60	721,800	Irbid	December 29, 2014	Non-operating - under renovation
Al-Tariq Al-Da'ari for fuel Company (paid 50%) (2)	5,000	60	969,993	Amman	June 10, 2015	Operating
Al-Muneirah Station for Fuel and Oil Company (100%) (2)	5,000	60	390,600	Amman	November 6, 2014	Non-operating - under renovation
Al-Ramah Modern Station Fuel Company (100% paid) (2)	5,000	60	183,000	Amman	December 17, 2014	Non-operating - under renovation
Al-Wadi Al-A'abiad Gas station (50% paid) (2)	5,000	60	542,562	Amman	August 4, 2015	Non-operating - under renovation
Al Kamel Gas Station (paid 50%)(2)	5,000	60	1,188,017	Amman	February 26, 2017	Operating
Al Qastal Gas Station (paid 50%)(2)	5,000	60	255,702	Amman	June 19, 2017	Non-operating - under renovation
Al Shira' Gas Station (Paid 50%)(2)	5,000	95	2,375	Amman	February 19, 2017	Non-operating - under renovation
Taj Amon Gas Station (paid 50%)(2)	5,000	60	4,062,144	Amman	September 20, 2017	under renovation
Jordanian German Gas stations Company (paid 100%) (2)	125,000	60	911,972	Amman	October 8, 2015	Operating
Al-Tanmwieh Al-A'ola Gas Stations (paid 50%) (2)	5,000	60	246,912	Amman	November 19, 2014	under renovation

1. Jordan Petroleum Products Marketing Company was established on February 12, 2013 with total assets, along with its subsidiaries of JD 239,648,870, while its total liabilities and those of its subsidiaries amounted to JD 139,393,314 as of December 31, 2017. The Company's consolidated net income amounted to JD 9,386,224 with a non-controlling interest amounted to JD 272,526 for the year-ended December 31, 2017. Furthermore, the Company has started operating gradually since May 1, 2013, and part of the Jordan Petroleum Refinery Company's assets have been transferred to the Company at their net book value. Also, some employees were assigned from Jordan Petroleum Refinery Company to work at the Company.

The task of providing consumers with oil derivatives has been transferred to the Jordan Petroleum Product Marketing Company; however, this task had been completed as of December 31, 2017 except for electricity company's governmental institutions, security agencies, some airlines agencies, stations and airports still obtain their supplies directly from Jordan Petroleum Refinery Company. The required legal procedures to conclude the transfer of the ownership of the assets to Jordan Petroleum Products Marketing Company were completed during the year 2017 as follows:

1. **Lands and buildings:** The value of land and buildings with a cost of JD 4,903,283 was transferred to Jordan Petroleum Products Marketing Company according to their book values; however, their title has not been transferred yet. The net book value of these assets is JD 4,183,956 as of May 1, 2013. During the year 2017, these assets were completely transferred to Jordan Petroleum Products Marketing Company.
2. **Vehicles:** The value of vehicles costing JD 5,483,410 was transferred to Jordan Petroleum Products Marketing Company according to their book value; however, their title has not been transferred yet. Moreover, the net book value of these assets is JD 109,881 as of the May 1, 2013. These assets were completely transferred to Jordan Petroleum Products Marketing Company. During the year 2015, these assets were completely transferred to Jordan Petroleum Products Marketing Company.
3. **Other property and equipment:** Other property and equipment costing JD 4,460,927 were transferred to Jordan Petroleum Products Marketing Company at their book value during the year 2013; the net book value of these assets is JD 1,446,738.
4. **Employees and their benefits:** The contracts of Jordan Petroleum Refinery Company's employees were not transferred to Jordan Petroleum Products Marketing Company.

During the year 2017, Jordan Petroleum Refinery Company increased the authorized and paid-up capital of Jordan Petroleum Product Marketing Company to become JD 55 million. The Company completed the legal procedures with the related authorities.

5. Jordan Petroleum Products Marketing Company receives a marketing commission of 12 fils per liter sold, plus a commission on the retail sale of petroleum products of 15 fils for each liter sold, in addition to other commissions related to the evaporation allowance, according to the agreement signed with the Ministry of Energy and Mineral Resources. Furthermore, sale and distribution of petroleum derivatives to governmental customers, electrical companies, and some aviation companies are conducted directly through Jordan Petroleum Refinery Company.

The following are the significant accounting policies adopted:

- **Inventory**

The crude oil and finished products inventory price is stated according to the net realizable value or cost, whichever is lower. Cost is determined according to the weighted-average method.

Finished and under process products at the subsidiaries lube-oil and cylinders factories are stated at cost, using the weighted-average method or net realizable value, whichever is lower.

Raw materials, spare parts and supplies are stated at cost, using the weighted-average method or net realizable value, whichever is lower. A provision is taken for the slow-moving inventory.

- **Financial assets at fair value through comprehensive income**

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

These assets are recognized at fair value plus acquisition expenses at the time of purchase. They are subsequently re-evaluated at fair value; and the change in fair value is presented in the consolidated statement of comprehensive income within owners' equity, including the change in the fair value from the translation differences of non-cash assets denominated in foreign currencies. In case of selling these assets or part therefrom, the resultant gains or losses are taken to the consolidated statement of comprehensive income within consolidated owners' equity. Moreover, the fair value reserve balance of the sold equity instruments is to be transferred directly to retained earnings, and not through the consolidated income statement.

Dividends are taken to the consolidated statement of income.

- **Fair Value**

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

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

- Comparison with the present market value of a very similar financial instrument.
- Analysis of future cash flows and expected discounted cash flows at a rate used for a similar financial instrument.
- Adoption of options pricing models.
- The long-term non-interest bearing assets and liabilities are evaluated according to discounted cash flows at the effective interest rate. Moreover, the discounted interest revenue is recorded under received interest income in the consolidated statement of income.

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

- **Impairment in Financial Assets**

The Company's management reviews the values of financial assets recorded at the date of the consolidated statement of financial position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio. In case such indication exists, the recoverable value is estimated so as to determine the impairment loss.

- Accounts receivable are stated at net realizable value. Moreover, a provision for doubtful debts and late repayments is booked according to management's estimates of the recoverable amounts.

- **Property and Equipment**

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

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

- When the recoverable amount of any property and equipment becomes less than its net book value, its value is reduced to the recoverable amount, and the impairment loss is charged to the consolidated statement of income.
 - The useful lives of property and equipment are revalued at the end of each year. If the revaluation differs from previous estimates, the change is recorded in subsequent years, being a change in estimate.
 - Property and equipment are eliminated when disposed of or when no future benefits are expected from their use or disposal.
- **Intangible Assets:**
 - Intangible assets are stated at cost and classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful lives are amortized over their estimated lives at an annual rate of 10%, and any indications of impairment in the value of intangible assets as of the financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any amendments are made in the subsequent period.
 - Any indications to impairment in intangible assets are reviewed at the financial statements date. Furthermore, any indications of impairment in the value of intangible assets as of the financial statements date are reviewed, and so are ageing estimates of these assets. Meanwhile, any related impairment is taken to the statement of income.
 - No intangible assets from the Company's operations are capitalized. Instead, they are rather recorded as an expense in the statement of income for the year.
- **Goodwill:**
 - Goodwill is recognized at cost, which represents the excess amount paid to acquire or purchase cash-generating units owned by other companies over the Company's share in the net fair value of the identifiable assets, liabilities and contingent liabilities of these units at the acquisition date.
 - Goodwill is recognized as an intangible asset at cost, and subsequently, reduced by any impairment losses.
 - Goodwill is distributed over the cash-generating unit(s) for the purpose of testing the impairment in its value.
 - In case the cash-generating units are sold, goodwill value is considered upon determining the amount of profit or loss resulting from the selling transaction.
- **Financial Lease Contracts:**

Leases are classified as a financial lease whenever the lessor transfers substantially all the risks and rewards of ownership. Assets held under a financial lease are recognized as the Company's assets and are recognized at the lower of fair value of the assets or the present value of the minimum lease payments discounted. Moreover, the corresponding liability to the lessor is included in the statement of financial position as a financial lease obligation. Lease payments are apportioned between financial charges and a reduction of the lease obligation so as to produce a constant discount rate on the remaining balance of the liability. Financial lease charges are recognized in the income statement. Furthermore, financial lease contracts result in depreciation expenses and borrowing costs for every accounting period. Depreciation rates of the leased assets are calculated on the same basis of the owned assets.
- **Investment Property:**

Investment properties, (except for land) are stated at cost net of accumulated depreciation. These investments are depreciated based on their useful life, and any impairment is charged to the income statement. Moreover, revenues and operating expenses for these investments are recognized in the income statement.
- **Taxes:**

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

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

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

• **Revenue:**

- Revenue from fuel sales is recognized upon delivery to the customer and issuance of the invoice.

Interest is charged to the consolidated statement of income according to the accrual basis.

- Other income is recognized according to the accrual basis.

- Transactions in foreign currencies are recorded in Jordanian Dinars at the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinars at the average exchange rates published by the Central Bank of Jordan at year-end. The resulting exchange gains or losses are recorded in the consolidated statement of income.

• **Provisions**

- Provisions are recognized when the Company has liabilities at the date of the consolidated statement of financial position arising from previous events, settlement of these liabilities is probable, and their value can be reliably measured.

- A provision for slow-moving, idle, and spoiled goods is taken based on technical studies performed by the Company's specialized committees.

- A provision for end-of-service indemnity is booked, for any legal or contractual obligations related to end-of-service indemnity, death and disability at the end of the employees' services, according to the accumulated service terms at the date of the consolidated statement of financial position and the Company's internal regulations.

• **Accounting Estimates:**

Preparation of the accompanying consolidated financial statements and application of the accounting policies require from the Company's management to estimate and assess some items affecting assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect revenue, expenses, provisions, and changes in the fair value within the statement of comprehensive income and owners' equity and require from the Company's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates and assumptions are based on multiple factors with varying degrees of assessment and uncertainty. Moreover, the actual results may differ from the estimates due to the changes resulting from the conditions and circumstances of those estimates in the future.

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

- A provision for doubtful debts, slow-moving and spoiled inventory items is taken on the basis and estimates approved by management for calculating the provision to be booked in conformity with International Financial Reporting Standards.

- Income tax expense for the year is accounted for in accordance with the laws, regulations, and International Financial Reporting Standards.

- Management periodically reassess the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their expected useful economic lives in the future. Impairment loss is charged to the consolidated statement of income.

- A provision for cylinders expected to be scrapped and replaced in the future is taken on the basis and assumptions approved by the Company's management according to International Financial Reporting Standards and oil derivatives pricing mechanism in Jordan.

- A provision is booked for any legal or contractual obligations related to the end-of-service indemnity, death and disability according to the Company's internal regulations.

- A provision for lawsuits raised against the Company is taken based on a legal study prepared by the Company's legal consultants. According to the study, probable future risks are identified; the study is reviewed periodically.
- Fair value hierarchy. The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRSs. Differentiating between Level (2) and Level (3) fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

(4) Application of new and revised International Financial Reporting Standards (IFRS)

A. New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2017, have been adopted in these consolidated financial statements:

Amendments to IAS 12 Income Taxes Recognition of Deferred Tax Assets for Unrealised Losses

The Company has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Company's consolidated financial statements.

Amendments to IAS 7 Disclosure Initiative

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of the consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Company's liabilities arising from balances due to banks (note 13) and certain other finance lease (note 16). A reconciliation between the opening and closing balances of these items is provided. Consistent with the transition provisions of the amendments, the Company has not disclosed comparative information for the prior period. Apart from the additional disclosure in (note 16), the application of these amendments has had no impact on the Company's consolidated financial statements

Annual Improvements to IFRS Standards 2014-2016 Cycle - Amendments to IFRS 12

The Company has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group (see note 4- b).

IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Company's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

B. New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1 and IAS 28

The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

Annual Improvements to IFRS Standards 2015-2017

The improvements include the amendments on IFRS 3, IFRS 11, IAS 12 and IAS 23 and they are effective for annual periods beginning on or after January 1, 2018.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The interpretation is effective for annual periods beginning on or after January 1, 2018.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1, 2019.

Amendments to IFRS 2 Share Based Payment

The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts

The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 40 Investment Property

Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 28 Investment in Associates and Joint Ventures

The amendments are related to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Company will apply IFRS 16 in the effective date which is the annual periods beginning on or after January 1, 2019. The Company is in the process of evaluating the impact of IFRS 16 on the Company's consolidated financial statements.

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The Company adopted IFRS 9 (phase 1) that was issued in 2009 related to classification and measurement financial assets, the company will adopt the finalised version of IFRS 9 from the effective date of January 1, 2018; apply it retrospectively and recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings as of January 1, 2018.

The Company is continuing to analyze the impact of the changes and currently does not consider it likely to have a major impact on its adoption. This assessment is based on currently available information and is subject to changes that may arise when the Company presents its first financial statements as on December 31, 2018 that includes the effects of its application from the effective date.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1:** Identify the contract(s) with a customer.
- Step 2:** Identify the performance obligations in the contract.
- Step 3:** Determine the transaction price.
- Step 4:** Allocate the transaction price to the performance obligations in the contract.
- Step 5:** Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15 an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. – Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

The Company intends to adopt the standard using the cumulative effect approach, which means that the Company will recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application. The Company is continuing to analyze the impact of the changes and its impact will be disclosed in the first consolidated financial statements as of December 31, 2018 that includes the effects of its application from the effective date.

Amendments to IFRS 15 Revenue from Contracts with Customers

The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 7 Financial Instruments: Disclosures

The amendments are related to disclosures about the initial application of IFRS 9. The Amendments are effective when IFRS 9 is first applied

IFRS 7 Financial Instruments: Disclosures

The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of January 1, 2021.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)

The amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

The Amendments effective date deferred indefinitely and the adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16 as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning January 1, 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning January 1, 2019.

(5) Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Cash on hand	847,803	2,283,263
Current accounts at banks	10,239,949	12,522,202
	11,087,752	14,805,465

(6) Accounts Receivable and Other Debit Balances

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Governmental institutions and departments and Security agencies (a)	327,328,494	288,101,844
Fuel, electricity Companies, and transportation clients (b)	119,154,441	93,181,892
Alia Company - Royal Jordanian Airlines (c)	46,850,302	68,885,103
Total receivables	493,333,237	450,168,839
Ministry of Finance (d)	158,819,906	187,865,728
National Electric Power Company- Borrowing cost (e)	79,200,000	79,200,000
Checks under collection (f)	30,312,078	36,760,132
Advance payment on stamp duties, fuel imports fees, jet fuel and strategic inventory fees (g)	-	3,505,279
General sales tax deposits (h)	99,966,658	93,804,801
Special sales deposits tax on oil derivatives	-	2,726,61
Other debit balances (i)	2,803,302	3,489,285
Employees receivables	1,415,003	1,264,943
Advances against staff end-of-service indemnity	22,215	42,405
Letters of credit deposits and purchase orders - Subsidiary company	595,839	385,425
Prepaid expenses (j)	9,382,332	4,100,604
	875,850,570	863,314,060
Less: Provision for doubtful debts (k)	(12,993,853)	(13,170,449)
	862,856,717	850,143,611

- a. This item includes receivables against governmental departments' and security agencies' fuel withdrawals amounting to JD 289,757,496 for the refinery and gas activities, JD 4,164,970 for the oil activity, and JD 33,406,028 for the Jordan Petroleum Products Marketing Company as of December 31, 2017.

The Company adopts a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The following are the accounts receivable due but not impaired:

	December 31,	
	2017	2016
	JD	JD
1 day - 119 days	134,165,688	97,726,486
120 days - 179 days	12,284,506	12,657,422
180 days - 365 days	28,968,999	16,717,054
More than a year-	317,914,044	323,067,877
Total	493,333,237	450,168,839

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

- This balance includes receivables from governmental parties or guaranteed by government due for more than a year with a total amount of JD 285,016,492. In management's opinion, the Company is able to collect these receivables, and there is no need to book a provision related to them. The balance also includes amounts due from the partners of some subsidiaries of JD 1,663,168, due for more than one year. In management's opinion, there is no need to book an additional provision as the Company signed agreements with those parties to have them pay the amounts due through directly transferring any profits they generate to the Company and are also guaranteed by real estate collaterals.

b. This item represents amounts due from the electrical distribution and generation companies for fuel consumption amounted to JD 42,398,388 as of December 31, 2017 (JD 26,777,972 as of December 31, 2016).

c. On March 6, 2016, the Company signed a settlement agreement with Alia Company - Royal Jordanian Airlines (RJ) to collect the outstanding receivables, according to this agreement RJ paid 10% of the outstanding balance during March 2016, the remaining amount shall be paid through 60 monthly installments. The first installment was due on March 31, 2016, and the last one will be due on February 28, 2021, with an interest of % 4.4. Moreover, Alia Company- Royal Jordanian Airlines should pay all subsequent invoices at the due date. Accordingly, the Company did not book any additional provisions for RJ receivable. The Ministry of Finance informed the Company through its letter number 18/4/15391 dated June 26, 2016 that the Company should reverse the booked provision for Alia Company - Royal Jordanian Airlines since RJ is complying with all agreement terms. Alia Company - Royal Jordanian Airlines should pay their monthly withdrawals in accordance to the signed agreement as March 2016, Consequently the Company reversed the booked provision for Alia amounted to JD 31 million in the year 2016. In case Alia did not comply with this agreement the Company should rebuild the allowance for doubtful debts against their dues.

In accordance with the Council of Ministers' Decision No. (11131) dated August 16, 2015, a quantity discount according to the consumption segments was granted to the jet fuel consumers on the jet fuel-selling price determined by the monthly fuel pricing committee starting from August 1, 2015 until December 31, 2016, and the said price will be calculated on a yearly basis. Moreover, Decision No. (293) dated October 23, 2016 was issued by the Prime Ministry modifying the quantities discount segments for the jet fuel consumers effective from October 31, 2016. Subsequently, the Prime Ministry issued Decision No. (1958) dated February 26, 2017, approving the retroactive amendment to the effective date of the quantities discount of the aforementioned Decision No. (293) starting from August 1, 2015 instead of October 31, 2016. Accordingly, the discount due to Alia Company-Royal Jordanian Airlines for the period from August 1, 2015 until July 31, 2017 amounted to JD 29,947,993.

According to the Board of Directors' Decision No. 1/2/5, in its Meeting No. 1/2018 held on March 12, 2018, the Company decreased the receivable balance of Alia Company - Royal Jordanian Airlines by JD 15,523,797 during the year 2017. The remaining part of the receivable balance is to be deducted from the fuel withdrawals of Alia Company after deducting any due unpaid invoices starting from the agreement signing date until 31 July 2018. Moreover, the discount due from August 1, 2017 until the discount expiry date determined by the Prime Ministry is to be accounted for by reducing Alia Company's receivables by 40% and its monthly consumption by 60%. If the government agreement is terminated, the discount will be calculated until 30 April, 2018 at the same rates mentioned above, and the Prime Ministry's decision will be applied after that date apart from the Jordan Petroleum Refinery. According to the Prime Ministry's Decision No. (4141), in its meeting held on August 20, 2017, extension of the discount granted to the Royal Jordanian Airlines Company for another year was approved based on the aforementioned quantity discount segments effective from 31 October 2017. Pursuant to the Prime Ministry's Decision No. (5614), in its meeting held on 17 December 2017, the interest rate imposed on the debt owed by Alia Company- Royal Jordanian Airlines to Jordan Petroleum Refinery Company is to be reduced from being 4.4% on December 20, 2016 and currently at 3.8% to 0.5%. Accordingly, the interest for the years 2015 and 2016 to date is to be 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.

According to the Prime Ministry's Decision No. (1958), in its meeting held on February 26, 2017, it was approved to charge the discount granted to Alia Company directly to the Ministry of Finance's account without impacting the Company's revenues.

d. The Ministry of Finance's balance includes JD 181,724,846 related to the refinery and gas activities and JD (22,904,940) related to the Jordan Petroleum Products Marketing Company as of December 31, 2017.

e. In accordance with the Council of Ministers' Decision No. (15605), in its meeting held on May 29, 2016, the Company debited the account of National Electric Power Company with JD 79.2 million in lieu of the interest expense it incurred on its borrowings on behalf of the National Electric Power Company. In return, the Jordan Petroleum Refinery Company shall transfer the said amount from the National Electric Power Company to the Ministry of Finance. In accordance with the meeting of the Financial Relations Committee with the Jordan Petroleum Refinery Company on 18 August 2016, it was emphasized that the amount of JD 79.2 million, representing part of the actual interest incurred by the Company as a result of the actual borrowing, should be recorded in a separate account within accounts payable and other credit balances as collaterals. A counter amount equivalent to these collaterals shall be recorded as a receivable due from the National Electric Power Company within receivables and other debit balances. This amount will be transferred to the Ministry of Finance when the National Electric Power Company pays it without affecting the financial relationship with the Government.

- f. The maturity date of checks under collection of JD 181,669 for the Refinery and Gas activities extends up to January 4, 2018. Moreover, the maturity date of the checks of the Lube-Oil Factory of JD 2,945,621 extends up to March 25, 2018. In addition, the maturity date of the checks of the Jordan Petroleum Products Marketing Company of JD 27,184,788 extends up to February 28, 2019. w
- g. This item represents advance payments for fuel stamps duties, fuel import fees, jet fuel fees, and strategic inventory fees to the Ministry of Finance and for supporting the Treasury included in the Import Parity Prices (IPP) Bulletin. Furthermore, the Company settled all amounts due to the Government during the year 2016, in addition to the balance of JD 141 million due from the Company for the year 2015 Note (14).
- h. General sales tax deposits include JD 99,941,432 related to Refinery and Gas activities and JD 25,226 related to the Jordan Petroleum Products Marketing Company.
- i. This item mainly consists of the current account of the employees' housing fund in addition to advance payment for the Jordanian Customs Department.
- j. This item mainly represents prepaid expenses related to insurance, rent, marketing, security and safety fees, and prepayments to contractors for establishing gas stations, and it includes an amount of JD 3,897,343 for the Refinery and Gas activities and JD 5,484,989 for the Jordan Petroleum Products Marketing Company.
- k. The movement on the provision for doubtful debts is as follows:

	2017	2016
	JD	JD
Balance - beginning of the year	13,170,449	46,950,861
(Recovered) provision for the year	945,755	(33,453,803)
Written-off during the year*	(1,122,351)	(326,609)
Balance - End of the Year	12,993,853	13,170,449

During the year, the Company wrote off the receivable due from the Central Electricity Generating Company (CEGCO) pursuant to Decision No. 5-2-101 of the Company's Board of Directors in its meeting No. (11/2017) held on December 31, 2017. This receivable represents the pricing differences arising from the fluctuations in the prices of petroleum derivatives in accordance with the Import Parity Prices (IPP) Bulletin during the downloading of diesel and fuel oil tankers in the years 2008 and 2009.

Provision for doubtful debt includes JD 8,619,977 as of December 31, 2017 (JD 10,823,761 as of December 31, 2016) for the Refinery and Gas activities, JD 1,100,384 as of December 31, 2017 (JD 900,665 as of December 31, 2016) for Oil activity, and JD 3,273,492 as of December 31, 2017 (JD 1,446,023 as of December 31, 2016) for the Jordan Petroleum Products Marketing Company.

(7) Crude Oil, Finished Oil Products, and Supplies

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Finished petroleum products and lube oil	149,867,399	83,078,784
Crude oil and materials under process	46,311,935	34,569,802
Raw materials, spare parts, and other supplies	73,953,762	62,016,272
Goods in transit	67,374,585	60,754,645
Provision for slow-moving items*	(20,638,343)	(20,297,901)
	316,869,338	220,121,602

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

	2017	2016
	JD	JD
Balance - beginning of the year	20,297,901	17,654,341
Provision during the year	660,724	2,655,890
Less: inventory written-off*	(320,282)	(12,330)
Balance - End of the Year	20,638,343	20,297,901

* During the years 2017 and 2016, it was approved to write-off obsolete and slow-moving items representing spare parts and spoiled unusable items.

(8) Deferred Tax Assets

This item consists of the following:

Description	For the Year Ended December 31, 2017						Deferred Tax Assets as of December 31, 2016
	Balance - Beginning of the Year	Additions	Amounts Released	Balance - End of the Year	Deferred Taxes	Transferred to the Statement of Income During the Year - Net	
	JD	JD	JD	JD	JD	JD	
Provision for doubtful debts	13,170,449	945,755	(1,122,351)	12,993,853	2,015,549	84,924	1,930,625
Gas cylinders replacement provision	10,000,000	3,829,190	(3,829,190)	10,000,000	1,400,000	-	1,400,000
Provision for employees vacations	2,334,015	241,152	(266,318)	2,308,849	323,239	(3,523)	326,762
Provision for staff end-of-service indemnity	62,633	25,241	-	87,874	12,302	3,533	8,769
Provision for slow-moving and spoiled items	20,297,901	660,724	(320,282)	20,638,343	2,889,368	47,662	2,841,706
Provision for lawsuits and other liabilities	5,760,050	286,426	(3,596,811)	2,449,665	342,953	(463,455)	806,408
	51,625,048	5,988,488	(9,134,952)	48,478,584	6,983,411	(330,859)	7,314,270

The future benefits of deferred tax assets were calculated at rates of 14% for refinery, gas and oil factory and 20% for the Jordan Petroleum Products Marketing Company and its subsidiaries as of December 31, 2017 and 2016.

(9) Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

Listed Shares	December 31,			
	Number of Shares	2017	Number of Shares	2016
		JD	JD	JD
Jordan Electricity Company	692,402	1,225,552	692,402	1,560,072
Arab Potash Company	47,300	797,004	47,300	907,214
Safwa Islamic Bank	256,516	312,950	256,516	328,340
Jordan Paper and Cardboard Factories Company	33,300	11,655	33,300	8,991
Public Mining Company	12,500	67,250	12,500	71,250
Palestine Development and Investment Company	28,060	29,884	28,060	23,092
Al Motarabita Investment Company	128,259	1,283	-	-
		2,445,578		2,898,959

(10) Investment Property - Net

This item consists of the following:

For the Year Ended December 31, 2017	Lands	Buildings	Equipment	Total
Cost	JD	JD	JD	JD
Balance - beginning of the year	1,054,479	312,588	99,938	1,467,005
Internal transfers to property and equipment account- net	(432,457)	(52,056)	-	(484,513)
Balance - End of the Year	622,022	260,532	99,938	982,492
Accumulated Depreciation				
Balance - beginning of the year	-	39,480	40,160	79,640
Depreciation and impairment	-	7,143	39,324	46,467
Balance - End of the Year	-	46,623	79,484	126,107
Net Book Value as of December 31, 2017	622,022	213,909	20,454	856,385
Annual Depreciation Rate %	-	2-10	35	-
For the Year Ended December 31, 2016	Lands	Buildings	Equipment	Total
Cost	JD	JD	JD	JD
Balance - beginning of the year	943,279	689,031	100,40	1,732,710
Internal transfers to property and equipment account- net	111,200	(376,443)	(462)	(265,705)
Balance - End of the Year	1,054,479	312,588	99,938	1,467,005
Accumulated Depreciation				
Balance - beginning of the year	-	26,181	20,080	46,261
Depreciation and impairment	-	13,299	20,080	33,379
Balance - End of the Year	-	39,480	40,160	79,640
Net Book Value as of December 31, 2017	1,054,479	273,108	59,778	1,387,365
Annual Depreciation Rate %	-	2-10	35	-

This item represents rented stores and leased car wash within the stations as well as the value of the land. These assets are held by the subsidiary companies of the Jordan Refinery Marketing Company (subsidiary company). The details are as follows:

	2017	2016
	JD	JD
Nuzha and Istiklal Fuel Station Company	856,385	370,733
Al-Markzeya Fuel Trade Station Company	-	925,156
Rawaby Al-Qwira Fuel and Oil Station Company	-	91,476
	856,385	1,387,365

(11) Property and Equipment

This item consists of the following:

Year 2017	Lands	Buildings	Machinery and Production Equipment	Machinery and Support Services Equipment	Tanks and Pipelines	Electrical Supplies and Equipment	Products Loading Units	Vehicles	Office Furniture and Fixtures	Library and Training Equipment	Distribution Stations Assets	Property and other Equipment	Computers	Projects under Construction	Total Excluding Lands and Projects under Construction	Total
Cost:																
Balance - beginning of the year	32,194,116	39,434,469	97,176,808	40,417,824	80,530,781	29,151,237	31,910,797	39,474,188	2,163,267	26,883	20,072,217	111,008	8,333,011	6,270,441	388,802,490	427,267,047
Additions	13,888,625	6,169,724	476,189	3,300,028	493,520	2,767,238	-	5,006,351	78,223	-	2,634,202	-	793,312	11,946,952	21,720,766	47,555,242
Transfers from property and equipment	3,618,545	3,703,014	774,423	360,889	68,522	73,793	-	-	-	-	26,098	-	513,718	-	5,522,437	8,140,982
Transfers from investment properties	432,457	52,068	-	-	-	-	-	-	-	-	-	-	-	-	52,066	484,513
Disposals	(1,746,637)	(303,761)	-	-	(77,474)	-	-	(692,037)	(2,693)	-	(263,752)	-	(1,053,318)	(47,074)	(2,183,036)	(3,986,746)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,140,982)	-	(8,140,982)
Balance - End of the Year	47,387,006	49,055,502	98,427,400	44,081,721	81,015,349	31,992,286	31,910,797	43,987,502	2,238,797	26,883	22,470,765	111,008	8,586,723	10,028,337	413,904,713	471,320,058
Accumulated Depreciation:																
Balance - beginning of the year	-	17,959,670	87,947,349	36,109,744	54,310,869	24,932,779	31,890,484	25,256,621	1,855,309	26,883	13,999,876	111,008	6,264,757	-	300,665,339	209,649,339
Additions	-	2,777,982	5,466,167	1,165,519	3,677,528	1,666,886	19,562	3,358,174	171,083	-	2,267,000	-	798,778	-	21,817,675	21,817,675
Disposals	-	(156,676)	-	-	(1,837)	-	-	(157,768)	(2,693)	-	(62,766)	-	(708,898)	-	(1,183,841)	(1,183,841)
Balance - End of the Year	-	20,578,776	93,413,507	37,275,259	58,288,460	26,598,665	31,910,046	28,457,027	1,973,699	26,883	16,103,107	111,008	6,354,636	-	321,089,073	321,089,073
Net Book Value as of December 31, 2017	47,387,006	28,476,726	5,013,893	6,806,462	22,726,889	5,393,601	751	15,530,475	265,098	-	6,367,658	-	2,232,087	10,028,337	92,815,640	150,230,983
Year 2015																
Cost:																
Balance - beginning of the year	20,617,346	29,826,197	97,042,373	38,734,688	80,041,128	27,942,727	31,910,797	37,531,469	2,076,540	26,883	17,462,596	111,008	6,528,660	7,298,199	969,235,036	397,150,678
Additions	7,914,074	2,754,518	134,435	1,545,093	242,899	1,181,469	-	2,297,854	86,727	-	2,609,621	-	1,788,638	10,067,820	12,641,054	30,622,948
Disposals	-	-	-	-	-	-	-	(354,935)	-	-	-	-	-	(417,249)	(354,935)	(172,184)
Transfers	2,274,255	7,975,835	-	138,643	246,754	27,926	-	-	-	-	-	-	15,713	(10,876,326)	8,494,071	265,105
Transfers from investment properties	1,388,441	(1,121,861)	-	-	-	(885)	-	-	-	-	-	-	-	-	(1,122,736)	265,105
Balance - End of the Year	32,194,116	39,434,469	97,176,808	40,417,824	80,530,781	29,151,237	31,910,797	39,474,188	2,163,267	26,883	20,072,217	111,008	8,333,011	6,270,441	388,802,490	427,267,047
Accumulated Depreciation:																
Balance - beginning of the year	-	16,729,864	80,108,579	35,222,662	50,714,916	21,710,243	31,886,548	22,328,786	1,726,556	26,883	12,296,449	111,008	5,289,618	-	277,632,152	277,632,152
Additions	-	1,229,806	7,838,761	887,097	4,085,953	3,222,538	23,938	3,236,584	138,753	-	1,703,388	-	975,139	-	23,341,936	23,341,936
Disposals	-	-	-	-	-	-	-	(308,748)	-	-	-	-	-	-	(308,748)	(308,748)
Balance - End of the Year	-	17,959,670	87,947,349	36,109,744	54,310,869	24,932,779	31,890,484	25,256,621	1,855,309	26,883	13,999,876	111,008	6,264,757	-	300,665,339	300,665,339
Net Book Value as of December 31, 2016	32,194,116	21,474,799	9,229,468	4,308,080	26,219,912	4,218,458	20,313	14,217,567	307,958	-	6,072,342	-	2,068,254	6,270,441	88,137,151	126,601,708
Annual Depreciation Rate %																
		2-10	3%	3%	10	20	20	18	5-20	20	20	20	3%			

Property, plant and equipment include fully depreciated assets amounting to JD 1,189,990 as of December 31, 2017 and JD 248,982,914 as of December 31, 2016.

Additions to property, plant and equipment consist primarily of amortizing pools (and partly negative with the retrocession of the stations of Jordan Petroleum Marketing Company (Subsidiary Company)).

Projects under construction include JD 6,169,724 related to energy and gas activities, which includes amount of JD 4,665,286 related to the fourth expansion project which was paid from the

margin for the year (for purpose) same amount of JD 4,978,772 related to the Jordan Petroleum Products Marketing Company as of December 31, 2017.

Temporary buildings, machinery and equipment, tanks and pipelines, furniture and fixtures, computers, and other non-current assets with a net book value of JD 12,889,616 which represents assets owned by the Company installed on stations that are not owned as of December 31, 2017.

(12) Intangible Assets - Net

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Jordan Petroleum Products Marketing License*	16,000,000	19,000,000
Goodwill**	960,000	960,000
	16,960,000	19,960,000

- * According to the resolution of the Council of Ministers, in their letter No. 58/11/1/26041 dated September 30, 2012, it was agreed to grant Jordan Petroleum Products Marketing Company (subsidiary) a license for operating and distributing petroleum products. The value of the license was determined to be JD 30 million. Moreover, the Company is required to pay a first installment and settle the remaining balance in five equal annual installments. The Company will amortize the intangible assets over 10 years, starting from the commencement date of its operations on May 1, 2013, based on the renewable agreement signed with the Ministry of Energy and Mineral Resources on February 19, 2013. The movement on intangible assets is as follows:

	December 31,	
	2017	2016
	JD	JD
Balance - beginning of the year	19,000,000	22,000,000
(Amortization) of intangible assets	(3,000,000)	(3,000,000)
	16,000,000	19,000,000

- ** This item represents goodwill from acquiring 60% shares of Nuzha and Istiqlal Gas Station Company valuation differences. The recoverable amount has been determined by calculating the expected cash flows to be generated to the Company based on a 10-year budget approved by the Company. Moreover, the expected cash flows for the years after 2014 were determined, using a growth rate of 4% for revenues and a growth rate of 2.5% for expenses. In management's opinion, the used growth rates for revenues and expenses are reasonable in light of the company's business nature as well as the overall growth of this sector in Jordan. The company agreed to use a discount rate of 10% for the expected cash flows with an internal rate of return of 15%.

(13) Due to Banks

This item represents an overdraft current account, maturing during a year, granted by several local banks to finance the Company's activities, at interest rates ranging from 2.75 % to 6.3 % during the year 2017 against the Company's guarantee. It includes amount of JD 580,255,572 for the Refinery and Gas activities, JD 23,530,663 for the Jordan Petroleum Products Marketing Company as of December 31, 2017

(14) Accounts Payable and Other Credit Balances

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Deposits of surplus from differences of oil derivatives pricing (a)	46,775,893	79,278,291
General sales taxes on oil derivatives deposits (b)	-	1,605,056
Special sales taxes on oil derivatives deposits (b)	7,254,201	6,753,423
Provisions for constructing alternative fuel tanks (c)	93,500,103	94,457,951
Suppliers and obligations drafts and purchase orders	170,868,924	167,769,982
Provision for replacing gas cylinders (d)	10,000,000	10,000,000
Stamp duties, fuel imports fees, jet fuel and strategic inventory fees (e)	13,401,290	-
Provision for occupational accidents indemnity	3,483,273	3,218,592
Provision for lawsuits and other obligations (Note 31/b)	2,449,665	5,760,050
Advance payment from customers (f)	6,379,958	7,431,502
Shareholders withholdings	9,973,873	6,943,221
Ships penalty provisions	46,192	12,287
Creditors and other credit balances	18,931,969	16,965,716
Retention deducted from contractors	512,139	1,085,180
Provision for legal compensation (g)	-	4,338,146
Provision for penalty income tax delay payments (g)	-	1,897,939
Liabilities against interests related to of National Electric Power Company for withholdings to the Ministry of Finance (Note 6 - e)	79,200,000	79,200,000
Employees' vacation provision	2,308,850	2,334,015
Subsidiary Companies' import pricing differences (h)	6,291,478	1,463,471
Alia company- Royal Jordanian Airlines discount deposit (Note 6 - c)	14,424,196	-
Alia company- Royal Jordanian Airlines interest deposit (Note 6 - c)	2,884,553	-
	488,686,557	490,514,822

(a) This item includes amounts from gas cylinders pricing and oil derivatives pricing differences between total cost-including taxes, fees, transportation charges, and actual selling prices and the rounding-up of fractions differences effective from March 2, 2008. These differences are considered as the Government's right according to the Ministry of Energy and Mineral Resources' Letter No. 9/4/1/7 19 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 rounding-up 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 resolution of the Petroleum Derivatives Pricing Committee, in its meeting held on December 13, 2008, provided that the pricing surplus is recorded as a refundable deposit under liabilities within the consolidated financial statements of the Company. Deposits of surplus from differences of oil derivatives pricing includes amount of JD 43,617,760 for the refinery and gas activities, JD 3,158,133 for the Jordan Petroleum Products Marketing Company as of December 31, 2017.

- The movement on the refundable differences arising from pricing derivatives and surpluses is as follows:

	2017	2016
	JD	JD
Balance - beginning of the year	79,278,291	76,092,972
Pricing differences of oil derivatives during the year	3,734,789	9,505,112
Paid during the year	(36,237,187)	(6,319,793)
Balance - End of the Year	46,775,893	79,278,291

(b) During the year 2010, the pricing mechanism of oil derivatives, according to international prices, included special sales tax on oil derivatives at 6% of the refinery gate price excluding Fuel Oil, Afture, and Afkaz . Moreover, the special sales tax on unleaded gasoline (both types) was raised, as stated in the pricing mechanism of oil derivatives letter dated June 18, 2010, to become between 18% and 24%. includes amount of JD 867,279 for the Refinery and Gas activities, JD 6,386,922 for the Jordan Petroleum Products Marketing Company.

According to the resolution of the Prime Ministry, in its letter No. 12/11/4/2439 dated on February 7, 2008, it was agreed to apply a general sales tax on unleaded gasoline as follows starting from February 8, 2008:

1. To adjust the exemption on unleaded gasoline Octane 90, according to Article (22/c) of the General Sales Tax Law No. (6) for the Year 1994 and its amendments, to become 12% subject to a general sales tax rate of 4%.
2. To cancel the exemption on unleaded Gasoline Octane 95, according to Article (22/c) of the General Sales Tax Law mentioned above, and subject to general tax at a rate of 16%.
3. According to the resolution of the Council of Ministers, in its meeting held on January 11, 2011, it was decided to exempt diesel and kerosene from the special sales tax, and decrease the special tax on unleaded gasoline Octane (90), to become 12% instead of 18% effective from January 12, 2011.
4. The Council of Ministers approved, in its meeting held on February 7, 2016, based on Article No.(149/c) of the Customs Law No. (20) for the year 1998, to extend the exemption from customs duties for all the Company's refining imports until December 31, 2016.
5. According to the Council of Ministers, in its meeting held on May 24, 2017, based on Article No. (149/c) from the Customs Law No. (20) for the year 1998, it was agreed to extend the exemption from customs duties for all the Company's refining imports Except for mineral oils and their inputs and any other materials from January 1, 2017 until May 01, 2018 according to the Prime Minister decision No. 3059 on May 29, 2017. Also The Council of Ministers also decided in its meeting held on January 7, 2016 and based on the provision No. 149 / C of the Customs Law No. 20 for the year 1998 and provision 3 / B of the public funds' exemption law from No. 28 for the year 2006 approved to exempt the quantities of diesel and gasoline octane 95 imported by the marketing companies from the customs duties (the unified fee) from January 1, 2016 until December 2017 under the Prime Minister's Decision No.983 dated December 11, 2016.
6. According to the Ministry of Finance, in its meeting held on May 24, 2017, based on Article No. (149/c) from the Customs Law No. (20) for the year 1998, it was agreed to exempt all Company's refining imports Except for mineral oils and their inputs and any other materials from customs duties (the unified fee) from January 1, 2017 until May 1, 2018, The company obtained the approval from the Ministry of Finance - Customs Department to waive the legalization on the required documents (invoice and the certificate of origin), based on Article No. (2/f) of Instructions No. 2 for the year 1999, and according to the Ministry of Finance-Customs Department's Letter No. 108/7/20/32295 dated July 2, 2017.
7. The Council of Ministers approved, in its meeting held on January 3, 2016 decision No. 13363, based on the recommendations of the Economic Development Committee dated on December 22, 2015, to exempt the Company, from general and special sales tax effective the first of May 2013 on exclusively imported quantities sold to the marketing companies, provided that the general and sales tax thereon has been paid by those companies within the pricing structure of IPP.

(c) According to His Excellency the Prime Minister's Letter No. 58/11/1/5930 dated March 24, 2010, an amount of JD (34) per ton was added to the price of unleaded gasoline (both types) within the pricing mechanism of oil derivatives starting from April 16, 2010. Moreover, the related proceeds are recorded in a special account maintained by the Company for the Government, represented by the Ministry of Energy and Mineral Resources, to build tanks for the storage of crude oil and/ or fuel oil derivatives at an average of (70) thousand tons in Aqaba. starting December 1, 2016, the Company stopped adding this fees according to IPP.

The movement of provisions for constructing alternative fuel tanks is as follows:

	2016	2015
	JD	JD
Balance - beginning of the year	94,457,951	96,975,272
The booked provisions for constructing alternative tanks during the year	-	12,343,893
Paid during the year	(957,848)	(14,861,214)
Balance - End of the Year	93,500,103	94,457,951

- * This balance represents deposits for constructing alternative fuel tanks fully due on the refinery activities. In this respect, the Jordan Petroleum Products Marketing Company settled the due amount in full during the year 2017. Moreover, this item was discontinued starting from December 1, 2016 according to the fuel derivatives pricing bulletin (IPP).

(d) The movement on the provision for replacing gas cylinders is as follows.

	2016	2015
	JD	JD
Balance - beginning of the year	10,000,000	17,536,307
Add: Provision for the year *	3,829,190	3,774,141
Provision for gas cylinders with specifications unauthorized to be used **	-	129,477
Less: Released during the year ***	(3,829,190)	(3,774,141)
Reversed during the year ****	-	(7,665,784)
Balance - End of the Year	10,000,000	10,000,000

- * During the year ended December 31, 2017, a provision of JD 3,829,190 was booked for the disposal and repair of cylinders, in accordance with IPP amounting to JD 10 for each sold ton of gas. The number of gas cylinders sold during year 2017 around to 30.5 million cylinders.

The Board of Directors approved, in their meeting No. 1/2016 dated February 8, 2016, to reverse an amount of JD 19,370,614 for the year 2015, based on the Company's meeting with the Ministry of Finance dated December 12, 2015, to reconcile the previous financial relationship. As such, it was agreed for the Company to keep a portion of the gas cylinders' replacement provision for an amount not exceeding JD 10 million, furthermore, during the year ended on December 31, 2017 the Company reversed JD 3,829,190 against the cost of writing off and fixing the cylinders during the year in order to maintain the balance of JD 10 million as agreed with the Ministry of Finance.

- ** This item represents the cost of the Indian gas cylinders rejected by the Jordan Institution for Standards and Metrology during the year 2013. Consequently, Jordan Petroleum Refinery Company filed a lawsuit at the Supreme Court to rescind the decision, but the lawsuit was rejected by the Supreme Court during the first half of the year 2014. The expense shown represents flooring and professional fees paid to the official authorities in Aqaba. Additionally, these amounts were capitalized in the purchase order of the Indian gas cylinders after deducting the performance guarantee of USD 670 thousand, confiscated by the Company.

- In accordance with the Council of Ministers letter number 31/17/5/21025 which is related to the opinion of Legislation and Opinion Bureau, That Jordan Petroleum Refinery Company is responsible of the costs of the Indian cylinders rejected by the Jordan Institution for Standards and Metrology, accordingly Jordan Petroleum Refinery Company sent a letter number 2/25/25/7/1741 dated on February 14, 2017 to his Excellency Minister of Finance which states that the cost of the cylinders that have been incurred by the Company up to December 31, 2016 is amounted to JD 7,665,784 and the net realizable value of these cylinders is amounted to JD 1,331,250 therefore the net losses is amounted to JD 6,334,534, and if the Company book these losses in 2016 this will decrease the targeted/guaranteed profit in an amount of JD 5,067,628 as of the year ended December 31, 2016 which will result in a negative sequences on the Company position in the financial market, based on the above, the Council of Ministers approved in its letter number 31/17/5/14/14153 dated on March 28, 2017 to deferred and amortize the loss of the Indian cylinders amounted to JD 6,334,534 over five years starting from the year 2016 with an amount of JD 1,266,907 which has been decreased from the targeted profit for the Company which is JD 15 million, accordingly the net targeted profit for the year became JD 13,733,093 on 2016. During the year 2017 the Company amortized JD 1,266,907 in the statement of income for Refinery and Gas Cylinders filling representing the portion for the year of the installments period and postponed the amortization of the remaining amount of JD 3,800,721 in order to be amortized during the subsequent 3 year period. During 2017, the Company deferred the recognition of losses related to the cost of the Indian cylinders rejected by the Jordan Institution for Standards and Metrology Organization plus storage fees, based on the targeted profit equation. The International Financial Reporting Standards requires the whole amount to be deducted when incurred without deferral, The Company's records indicate that, had management recognized the losses when incurred without deferral during 2016 the net income and shareholders' equity would have been reduced by an amount of JD 5,067,628 instead of JD 1,266,907 as of December 31, 2016 and profit for the year ended December 31, 2017 would have been increased by JD 1,266,907.

(e) This item represents fuel import stamps fees, aircraft fuel fees, and the consideration for the Ministry of Finance's strategic stock included in the (IPP) list.

The movement of Provisions for constructing alternative fuel tanks is as follows:

	2017	2016
	JD	JD
Balance - beginning of the year - Note (6) *	(3,505,279)	141,273,184
Recovered during the year	16,906,569	16,485,234
Paid during the year	-	(157,758,418)
Balance - End of the Year	13,401,290	-

* During year 2016 this balance become an advance payment in an amount of JD 3,505,279 (as mentioned in Note 6 - Accounts Receivable and Other debit balances).

(f) This item represents payments received in advance from the fuel and gas customers to purchase oil derivatives.

(g) 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 extra tax of JD 15,618,205. Moreover, the Company has requested the Prime Minister to exempt the Company from income tax differences, and legal compensations and fines, as these taxes resulted from taking loans exceeding the accepted rate of loans to capital, as per the Income Tax Law. Such loans are taken to insure that the electricity-generating companies have sufficient quantities of diesel and oil to compensate the shortage in the Egyptian gas. Furthermore, the Council of Ministers approved, in its meeting held on January 3, 2016, to exempt the Jordan Petroleum Refinery Company from income tax differences, legal compensations, and fines for the years 2011, 2012 and 2013. Consequently, the Company took a provision for the income tax differences for the year 2014, as this year has not been included in the decision for exemption of JD 5,422,683, provision for legal compensation for the year 2014 of JD 4,338,146, and a provision for delay payments (0.004) of JD 1,897,939, to meet any probable future tax liabilities until the Income Tax Department reviews the year 2014. The Income and Sales Tax Department presented the final and final tax assessment for 2014. The company was informed on July 2, 2017 as a result of the company's tax audit. Additional taxes were imposed at a value of JD 7,838,578 and a legal compensation amounted to JD 6,270,866 was imposed on the above tax differentials. The provision for tax differentials was increased to JD 7,838,578 and the provision for legal compensation increased to become JD 6,270,866 and an increase in the provision for delay of payment of 0.004 to become JD 2,743,502 for the period ended on September 30, 2017. The Company filed an objection at the Income and Sales Tax Department because these amounts resulted from the Company's borrowing amounts exceeding to the capital amount of the company in accordance with the income tax law and sales and the reason for borrowing is to secure the needs of power generation companies with diesel and fuel oil in light of cutting out the Egyptian gas.

The final and irrevocable decision was issued on November 6, 2017 under the Notification Instrument of the Ministry of Finance/Income and Sales Tax Department. The decision prescribed reducing tax differences to JD 6,531,687 and legal compensation to JD 250,311. Accordingly, the Company paid the amounts as per the Notification Instrument in addition to a delay penalty of JD 2,286,090 at a rate of (.004). Moreover, the Company recorded the difference of JD 2,590,680 in the consolidated statement of income for the year ended December 31, 2017.

(h) This item represents import pricing differences between the cost of imported oil derivatives during the year 2016 and 2017 and the prices of IPP related to Jordan Petroleum Products Marketing Company (Subsidiary Company). The Company booked this difference in the export pricing difference account included in the accounts payable and other credit balances account since there is uncertainty whether this balance is a right for the Company or the Ministry of Finance.

(15) Fees Payable to the Ministry of Energy for Jordan Petroleum Products Marketing Company (Subsidiary)

This item represents fees accrued to the Ministry of Energy for obtaining the license to market and distribute petroleum products. The Company paid JD 4,280,000 during the year, and the remaining amount will be paid in instalments, as per the licensing agreement. Below are the details of this item:

	December 31,	
	2017	2016
	JD	JD
Accrued fees for the Ministry of Energy - current portion	4,280,000	4,280,000
Accrued fees for the Ministry of Energy - non-current portion	-	4,280,000
	4,280,000	8,560,000

(16) Finance Lease Obligation - Non-Current Portion

During the year 2015, the Jordan Petroleum Products Marketing Company (subsidiary) signed a financial lease agreement to purchase cars of JD 1,340,000. The ensuing obligations will be paid over 72 installments of JD 23,192, including interest. The first payment was due on August 15, 2015, and last payment is due on July 15, 2021.

During the year 2017, the Jordan Petroleum Products Marketing Company (subsidiary) signed a financial lease agreement to purchase cars of JD 36,706. The ensuing obligations will be paid over 73 installments of JD 580, including interest. The first payment was due on June 11, 2017, and last payment is due on May 1, 2023.

During the year 2017, the Jordan Petroleum Products Marketing Company (subsidiary) signed a financial lease agreement to purchase cars of JD 37,121. The ensuing obligations will be paid over 71 installments of JD 580, including interest. The first payment was due on August 10, 2017, and last payment is due on May 1, 2023.

During the year 2017, the Jordan Petroleum Products Marketing Company (subsidiary) signed a financial lease agreement to purchase cars of JD 895,000. The ensuing obligations will be paid over 72 installments of JD 15,259, including interest. The first payment was due on August 10, 2017, and last payment is due on July 1, 2023.

During the year 2017, the Jordan Petroleum Products Marketing Company (subsidiary) signed a financial lease agreement to purchase cars of JD 317,500. The ensuing obligations will be paid over 72 installments of JD 5,411, including interest. The first payment was due on October 24, 2017, and last payment is due on September 1, 2023.

During the year 2017, the Jordan Petroleum Products Marketing Company (subsidiary) signed a financial lease agreement to purchase cars of JD 37,121. The ensuing obligations will be paid over 71 installments of JD 580, including interest. The first payment was due on November 10, 2017, and last payment is due on September 1, 2023.

During the year 2017, the Jordan Petroleum Products Marketing Company (subsidiary) signed a financial lease agreement to purchase land of JD 5,000,000. The ensuing obligations will be paid over 58 installments of JD 80,000, including interest. The first payment was due on April 1, 2017, and last payment is due on January 1, 2022.

During the year 2017, Jordan Petroleum Products Marketing Company (subsidiary) signed a financial lease agreement to purchase cars of JD 37,121. The ensuing obligations will be paid over 71 installments of JD 580, including interest. The first payment was due on November 10, 2017, and last payment is due on September 1, 2023.

During the year 2017, Taj Amoun for Fuel and Lube Oil Company (subsidiary) signed a financial lease agreement to purchase land of JD 2,700,000. The ensuing obligations will be paid over 60 installments of JD 54,300, including interest. The first payment was due on February 1, 2018, and last payment is due on January 1, 2023.

During the year 2017, Al Shira' for Fuel and Lube Oil (subsidiary) signed a financial lease agreement to purchase land of JD 500,000. The ensuing obligations will be paid over 60 installments of JD 10,710, including interest. The first payment was due on April 1, 2017, and last payment is due on April 1, 2022.

The details of finance lease obligations are as follows:

	Minimum Finance Lease Payments		Present Value of Minimum Finance Lease Payments	
	December 31,		December 31,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Less than a year	2,287,344	278,304	1,657,779	204,193
More than a year	9,194,794	997,256	8,001,279	871,572
	11,482,138	1,275,560	9,659,058	1,075,765
Less: Future financing interest	(1,823,080)	(199,795)	-	-
Present Value of Minimum Finance Lease Payments	9,659,058	1,075,765	9,659,058	1,075,765

Shown in the financial statements under:

Current Liabilities	1,657,779	204,193
Non-Current Liabilities	8,001,279	871,572
	9,659,058	1,075,765

(17) Provision for Income Tax

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

	2017	2016
	JD	JD
Provision for income tax - beginning of the year	7,610,320	8,742,948
Add: Income tax expense for the year	5,923,303	4,176,729
Income tax expense for previous years	-	2,372,257
Less: Income tax paid	(8,663,595)	(7,681,614)
Provision for income tax - End of the Year	4,870,028	7,610,320

Income tax expense for the year shown in the consolidated statement of income represents the following:

	2017	2016
	JD	JD
Income tax for the year	5,923,303	4,176,729
Previous years tax	-	2,372,257
Deferred tax assets for the year	(393,451)	(371,538)
Amortization of deferred tax assets for the year	724,311	5,836,175
	6,254,163	12,013,623

- The Company has reached a final settlement with the Income and Sales Tax Department up to the year 2014. Furthermore, the Company submitted its income tax return for the year 2015, the income tax declarations were submitted for the year 2016 and the declared income tax was paid and the income and sales tax department did not audit the accounts to date. Meanwhile, the income tax expense for the year ended December 31, 2017 has been calculated according to the Jordanian Income Tax Law. Management and the tax consultant believe that the booked provisions are sufficient to meet any tax obligations.
- Jordan Petroleum Products Marketing Company (subsidiary) submitted its tax return for the period of establishment up to December 31, 2014. Moreover, the tax returns were submitted for the year 2015, and the declared amount was settled. In this respect, the Income and Sales Tax Department has reviewed the Company's records but has not issued its final decision yet. In addition, the tax returns for the year 2016 were submitted, and the declared tax was paid. However, the Income and Sales Tax Department has not reviewed the Company's accounts yet. Meanwhile, the income tax expense for the year ended December 31, 2017 has been calculated according to the Jordanian Income Tax Law. In the opinion of the Company's management and tax consultant, the provisions taken in the consolidated financial statements are sufficient to meet the tax obligations.

The income tax declaration was submitted by all subsidiary companies of the Jordan Petroleum Products Marketing Company up to year 2016 and the declared income tax was paid and the companies are yet to be audited except for Al Karak Gas Station for the year 2015. Moreover, the declaration was approved for both Rawabi Al Gwaira and Nuzha and Istiklal Gas Stations for the year 2016 unlike all other Companies. In the opinion of the Company's management and tax consultant, the provision taken in the consolidated financial statements are sufficient to meet the 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 extra tax of JD 15,618,205. Moreover, the Company has requested the Prime Minister to exempt the Company from income tax differences, and legal compensations and fines, as these taxes resulted from taking loans exceeding the accepted rate of loans to capital, as per the Income Tax Law. Such loans are taken to insure that the electricity-generating companies have sufficient quantities of diesel and oil to compensate the shortage in the Egyptian gas. Furthermore, the Council of Ministers approved, in its meeting held on January 3, 2016, to exempt the Jordan Petroleum Refinery Company from income tax differences, legal compensations, and fines for the years 2011, 2012 and 2013. Consequently, the Company took a provision for the income tax differences for the year 2014, as this year has not been included in the decision for exemption of JD 5,422,683, provision for legal compensation for the year 2014 of JD 4,338,146, and a provision for delay payments (0.004) of JD 1,897,939, to meet any probable future tax liabilities until the Income Tax Department reviews the year 2014. The Income and Sales Tax Department presented the final and final tax assessment for 2014. The company was informed on July 2, 2017 as a result of the company's tax audit. Additional taxes were imposed at a value of JD 7,838,578 and a legal compensation amounted to JD 6,270,866 was imposed on the above tax differentials. The provision for tax differentials was increased to JD 7,838,578 and the provision for legal compensation increased to become JD 6,270,866 and an increase in the provision for delay of payment of 0.004 to become JD 2,743,502 for the period ended on September 30, 2017. The Company filed an objection at the Income and Sales Tax Department because these amounts resulted from the Company's borrowing amounts exceeding to the capital amount of the company in accordance with the income tax law and sales and the reason for borrowing is to secure the needs of power generation companies with diesel and fuel oil in light of cutting out the Egyptian gas.
- The final decision was issued on November 6, 2017 by the Ministry of Finance/Income and sales tax department which includes reducing the differences amount to JD 6,531,687 and reducing the legal obligation to JD 250,311, in accordance with the decision the company paid a penalty of JD 2,286,090 at a rate of (.004) and recorded the difference of JD 2,590,680 in the consolidated income statement for the year ended December 31, 2017.
- The income tax rate is 14% for refinery and gas activities and oil factory and 20% for Jordan Petroleum Products Marketing Company and for its subsidiaries.

(18) Provision for Staff End-of-Service Indemnity

The movement on the provision for staff end-of-service indemnity is as follows:

	2017	2016
	JD	JD
Balance - beginning of the year	62,633	150,976
Additions during the year	25,241	36,708
Paid during the year	-	(125,051)
Balance-End of the Year	87,874	62,633

- This balance represents provision for end-of-service indemnity for employees employed prior to the year 1980.

(19) Ministry of Finance - Funding of Strategic Inventory

- (a) The concession agreement with the Government expired on March 2, 2008 and the strategic inventory of the Ministry of Finance was valued at fair value as of December 31, 2017 in accordance to the petroleum products price bulletin IPP that is set by the Prime Ministry and it amounted to JD 138,646,494 and is shown under contra accounts section were recorded to off the financial position items where the company keeps this inventory as deposits to the favor of the Government.

(20) Capital and Reserves

A. Capital

The General Assembly decided, in its extraordinary meeting held on April 29, 2015, to increase the Company's capital to JD 75 million through capitalizing JD 12/5 million from retained earnings and distribute it as dividends at 20% of paid-up capital. The official procedures for increasing paid-up capital were completed on July 13, 2015. The Company's General Assembly decided, in its extraordinary meeting held on April 28, 2016, to capitalize and distribute JD 25 million to the shareholders. Consequently, the Company's authorized and paid up capital has become JD 100 million as of December 31, 2017.

B. Statutory Reserve

The amounts accumulated in the account represent what has been transferred from annual net income before taxes at a rate of 20%. This reserve will be used for the purpose approved by the Board of Directors. Moreover, the General Assembly of Shareholders has the right to capitalize or distribute the whole reserve or part thereof as dividends to shareholders, furthermore, the General Assembly in its extraordinary meeting dated on April 28, 2016 to transfer an amount of JD 1,937,986 from voluntary reserve to retained earnings.

C. Voluntary Reserve

The amounts accumulated in the account represent what has been transferred from annual net income before taxes at a rate of 20%. This reserve will be used for the purpose approved by the Board of Directors. Moreover, the General Assembly of Shareholders has the right to capitalize or distribute the whole reserve or part thereof as dividends to shareholders, furthermore, the General Assembly in its extraordinary meeting dated on April 27, 2017 to transfer an amount of JD 7,318,705 from voluntary reserve to retained earnings.

D. Fourth Expansion Reserve

The Company's General Assembly decided on their meeting held on April 27, 2017 to record an amount of JD 7,318,706 to a special reserve account from the retained earnings for the purpose of the fourth expansion. During the year 2017, the Company reversed JD 4,665,788 from the special reserve for the purpose of the fourth expansion representing JD 2,743,547 as first payment of 25% from the preliminary design fees and the rest of the amount represents stamp fees, consulting, and technical services related to the project.

(21) Fair Value Reserve

This item represents the fair value reserve for the financial assets at fair value through comprehensive income which resulted from assets revaluation at fair value as of December 31, 2017.

(22) Retained Earnings

The General Assembly decided, in its ordinary and extraordinary meeting dated April 29, 2015, to increase paid-up capital in order to become JD 75 million by capitalizing JD 12/5 million from retained earnings and distribute it as free stock at 20% of paid-up capital, which amounted to JD 62/5 million on the date of distribution to become the authorized and paid up capital 75 million. The official procedure of increasing paid-up capital was completed on July 13, 2015.

The Company's General Assembly decided in its ordinary and extraordinary meetings held on April 28, 2016 to capitalize JD 25,000,000 from retained earnings to the paid and authorized capital to become JD 100 million and to distribute them as free stock to the shareholders. Furthermore, in its ordinary meeting held on April 27, 2017, the General Assembly approved the distribution of cash dividends at a rate of 20% of paid capital, equivalent to JD 20 million for the year 2016 profits.

(23) Sales - Net

This item consists of the following:

	2017	2016
	JD	JD
Refinery and filling of gas cylinders	1,178,323,427	1,342,002,992
Lube-oil factory sales	28,613,664	32,750,498
Jordan Petroleum Products Marketing Company's sales	879,633,622	603,891,310
Less: Sales Tax and Special Tax	(308,312,424)	(216,577,086)
	1,778,258,289	1,762,067,714

(24) Cost of Sales

This item consists of the following:

	2017			2016	
	Refinery and Distribution Gas Cylinders Filling *	Lube Oil Factory	Sale and Marketing Jordan Petroleum Products Marketing Company	Total	Total
Raw Materials:	JD	JD	JD	JD	JD
Crude oil and materials under process - beginning of the year	34,458,691	111,111	-	34,569,802	27,728,881
Purchases of crude oil and raw materials used in production	856,068,687	12,403,787	-	868,472,474	720,721,662
Crude oil and materials under process - end of the year	(46,204,146)	(107,789)	-	(46,311,935)	(34,569,802)
	844,323,232	12,407,109	-	856,730,341	713,880,741
Production Expenses:					
Salaries and other employee benefits	23,128,190	1,267,325	2,460,839	26,856,354	30,284,454
Depreciation of property and equipment	11,407,670	241,050	1,809,011	13,457,731	16,673,479
Materials, spare parts and other supplies	8,399,418	75,907	499,341	8,974,666	8,647,654
Other manufacturing expenses	9,166,884	339,429	310,802	9,817,115	11,610,718
Total Manufacturing Expenses	52,102,162	1,923,711	5,079,993	59,105,866	67,216,305
Fuel and transportation expense	-	-	5,687,293	5,687,293	3,921,729
Total Production Cost	896,425,394	14,330,820	10,767,286	921,523,500	785,018,775
Add: Finished petroleum products and lube oil - beginning of the year	72,112,556	1,096,267	9,869,961	83,078,784	86,203,435
Purchases of finished products during the year	194,381,555	-	572,755,053	767,136,608	725,549,914
Total Goods Available for Sale	1,162,919,505	15,427,087	593,392,300	1,771,738,892	1,596,772,124
Less: Finished petroleum products and lube oil - end of the year	(124,549,212)	(783,792)	(24,534,395)	(149,867,399)	(83,078,784)
	1,038,370,293	14,643,295	568,857,905	1,621,871,493	1,513,693,340
Subsidy of crude oil derivatives charged to the Ministry of Finance account	(35,865,860)	-	(799,787)	(36,665,647)	(2,522,136)
Surplus in oil derivatives pricing to the Ministry of Finance account	576,656	-	3,158,133	3,734,789	9,505,112
	1,003,081,089	14,643,295	571,216,251	1,588,940,635	1,520,676,316

- * The operations of the liquid gas were not separated from the refining and distribution operations as no agreement with the Government has been reached yet regarding commissions on filling the gas cylinders.
- The average cost per crude oil barrel amounted to USD 53/31 for the year ended December 31, 2017 (USD 41/81 for the year ended 2016).

(25) Operating and Other Income

This item consists of the following:

	2017	2016
	JD	JD
Income from Ports Corporation *	1,380,000	1,200,000
Dividends shares income	84,888	139,534
Tanks rent, income from marketing companies evaporation, uploading and downloading **	9,383,794	5,072,472
Delay interests	3,872,035	4,517,185
Unused provisions	-	1,331,250
Other income	3,478,050	5,975,627
	18,198,767	18,236,068

* This item represents fees due to Jordan Petroleum Refinery Company from using the services of the Company's employees by the Ports Corporation during the years 2017 and 2016, to assist in the work of Aqaba ports.

** This item represents tanks rent, evaporation, loading and downloading fees, income from the marketing companies, as per the instructions of the Ministry of Energy to these companies to make available the required operating stock for their activities.

(26) Settlement of Income with the Government

This item represents the difference of net income calculated as per the agreement with the Council of Ministers on a commercial basis, and it is recorded in the Ministry of Finance's account for the years 2017 and 2016. Moreover, the liquefied gas profit was not excluded from income, as no agreement with the Government has been reached yet concerning the commission on filling the gas cylinders, which covers costs and generates profit from this activity. The related negotiations with the Government are still ongoing in preparation of licensing this activity, and then excluding its profit from the refining profit (Note 2).

	2017	2016
	JD	JD
Profit before tax and settlement for the year	120,375,655	201,119,684
Less: Lube Oil Factory income after tax	9,807,980	11,432,477
Jordan Petroleum Products Marketing Company's income after tax	9,386,224	8,900,861
The Company's targeted income after tax for the year	13,733,093	13,733,093
Income tax for the year *	6,254,163	9,641,364
Income tax for previous years	-	2,372,257
Recorded for the Government's account to reach targeted income	81,194,195	155,039,632

* In accordance with the Council of Ministers letter number 31/17/5/21025 which is related to the opinion of Legislation and Opinion Bureau, That Jordan Petroleum Refinery Company is responsible of the costs of the Indian cylinders rejected by the Jordan Institution for Standards and Metrology, accordingly Jordan Petroleum Refinery Company sent a letter number 2/25/25/7/1741 dated on February 14, 2017 to his Excellency Minister of Finance which states that the cost of the cylinders that have been incurred by the Company up to December 31, 2016 is amounted to JD 7,665,784 and the net realizable value of these cylinders is amounted to JD 1,331,250 therefore the net losses is amounted to JD 6,334,534, and if the Company book these losses in 2016 this will decrease the targeted/guaranteed profit in an amount of JD 5,067,628 as of the year ended December 31, 2016 which will result in a negative sequences on the Company position in the financial market, based on the above, the Council of Ministers approved in its letter number 31/17/5/14/14153 dated on March 28, 2017 to deferred and amortize the loss of the Indian cylinders amounted to JD 6,334,534 over five years starting from the year 2016 with an amount of JD 1,266,907 which has been decreased from the targeted profit for the Company which is JD 15 million, accordingly the net targeted profit for the year became JD 13,733,093 on 2016. During the year 2017, the Company amortized JD 1,266,907 in the statement of income for Refinery and Gas Cylinders filing representing the portion for the year of the installments period and postponed the amortization of the remaining amount to JD 3,800,720 in order to be amortized during the remaining 3 year period. During 2016, the Company deferred the recognition of losses related to the cost of the Indian cylinders rejected by the Jordan Institution for Standards and Metrology Organization plus storage fees, based on the targeted profit equation. The International Financial Reporting Standards requires the whole amount to be deducted when incurred without deferral, The Company's records indicate that, had management recognized the losses when incurred without deferral during 2016 the net income and shareholders' equity would have been reduced by an amount of JD 5,067,628 instead of JD 1,266,907 as of December 31, 2016 and profit for the year ended December 31, 2017 would have been increased by JD 1,266,907.

(27) Selling and Distribution Expenses

This item consists of the following:

	2017	2016
	JD	JD
Salaries and other employees' benefits	22,082,176	22,679,392
Crude oil transportation fees	2,009,823	4,940,474
Company's contribution to the Death and Disability Fund	2,023,689	4,581,487
Depreciation of property and equipment	7,316,256	4,581,487
Raw materials, spare parts, and other supplies	4,606,215	5,813,121
Insurance fees	438,902	4,645,665
Fees, taxes, and stamps	769,589	386,227
Security and safety	1,824,819	454,819
Rent	2,322,163	1,555,077
Operational storage fees	1,183,771	1,448,598
Gas station management fees	845,765	1,413,608
Other selling and distributing expenses	5,471,259	417,414
	50,894,427	51,593,416

(28) General and Administrative Expenses

This item consists of the following:

	2017	2016
	JD	JD
Salaries and other employees' benefits	6,538,900	5,802,843
Company's contribution to the Death and Disability Fund	595,205	1,100,539
Donations and in-kind contributions	618,719	778,631
Postage and telephone	124,100	104,261
Stationery and printing	92,050	153,797
Depreciation of property and equipment	718,503	1,657,647
Staff end-of-service indemnity provision	-	36,708
Technical and legal consultations	223,020	1,973,143
Advertisements	192,193	133,212
Maintenance and repairs	142,210	235,581
Rents	286,026	245,133
Vehicles expenses	279,758	71,997
Subscriptions	128,002	69,903
Insurance fees	89,177	147,671
Water and electricity	149,247	131,989
Professional fees	106,529	71,600
Fees, tax, and stamps	274,513	986,519
Interest - marketing company license*	263,279	345,998
Other general and administrative expenses	1,666,801	1,126,440
	12,488,232	15,173,612

* According to the signed operating agreement between Jordan Petroleum Products Marketing Company and the Ministry of Energy and Mineral Resources, an interest of 2.5% is charged on the unpaid marketing license payable to the Ministry of Energy and Mineral Resources.

(29) Earnings per Share for the Company's Shareholders

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

	2017	2016
	JD	JD
Income for the year-shareholders	32,654,771	33,749,044
Weighted-average number of shares	100,000,000	100,000,000
Earnings per share - Basic	0.327	0.327
Earnings per share - Diluted	0.327	0.327

The weighted-average number of shares for diluted earnings per share for the year attributable to the Company's shareholders is calculated based on the number of authorized shares for the two years ended December 31, 2017 and 2016. Moreover, comparative figures were recalculated based on the capital ratio after the increase through distributing free shares/capitalization according to (IAS 33).

(30) Non-Controlling Interests

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

	December 31, 2017		
	Non-Controlling Percentage	Non-controlling Share from Net Income	Non-controlling Share from Net Assets
Company	%	JD	JD
Nuzhah and Istiklal for Fuel and Oil Company	40	105,044	964,000
Al-Markazeya Fuel Trade Station Company	11	6,481	498,713
Al-Karak Central for Fuel Station Company	40	32,914	521,380
Al-Khairat Fuel Company	40	15,614	293,386
Rawaby Al-Qwira Fuel and Oil Station Company	40	50,045	710,627
Al-a'on for marketing and Distribution of Fuel products Company	40	98,796	428,106
Qaws Al-Nasser for managing Fuel Stations Company	40	(6,214)	473,055
Al-Tariq Al-Da'ari for fuel Company	40	(22,961)	621,450
Al-Muneirah Station for Fuel and Oil Company	40	(2,056)	256,289
Al-Ramah Modern Station for Fuel Company	40	(950)	119,010
Al-Wadi Al-A'abid Gas station	40	(822)	359,809
Jordanian German for Gas stations Company	40	(3,901)	601,920
Al-Tanmweh Al-A'ola for Gas Stations	40	(1,743)	162,062
Al Kamel Gas Station	40	5,450	792,693
Al Shira' Gas Station	5	(702)	(577)
Al Qastal Gas Station	40	(1,514)	168,954
Taj Amoun Gas Station	40	(955)	2,707,140
		272,526	9,678,017

(31) Contingent Liabilities and Financial Commitments

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

	December 31,	
	2017	2016
	JD	JD
Letters of credit and bills of collections*	440,254,558	291,074,304
Letters of guarantee	8,993,843	8,920,963
Contracts for projects under construction	17,448,221	23,541,700

* This item consists of Standby L/Cs amounting to JD 153 million, (equivalent to USD 215 million) in favor of Saudi Aramco as of December 31, 2017 and 2016.

(b) There are lawsuits in courts raised against the Company for financial claims estimated at JD 2.4 million as of December 31, 2017 (JD 5.8 million as of December 31, 2016). Moreover, some prior year's lawsuits were filed against both the Government and the Company. Consequently, the estimated contingent liabilities from unsettled lawsuits and the required provisions have been taken in accounts payable and other credit balances. In the opinion of the Company's management and its legal consultant, the booked provisions are sufficient to meet any future obligations.

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

Execution Notice No. (21943/2017/B) was issued by the Judicial Execution Department on December 3, 2017 obligating Jordan Petroleum Refinery Company to pay JD 3,605,014 with interest amounting to JD 574,940. The Company paid the full amount during 2017.

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

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

1. To confirm the balance of the Ministry of Finance's main account of JD 195,194,153, 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 refining and gas activities. 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 in the amount 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 independent governmental managerial and financial 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 balance of overpricing differences of oil derivatives of JD 43,488,857; provisions for constructing alternative fuel tanks of JD 93,500,103; as well as fees, stamps and fees of IPP Bulletin of JD 9,051,757 as of September 30, 2017.

3. The two parties have not reached an agreement on the value of the strategic inventory, as the government is demanding the amount of valuation in 2008 of JD 156,787,303. At the same time, Jordan Petroleum Refinery Company is objecting to this amount since these quantities are deposits refundable as quantities in the event the relationship with the Government is terminated. Otherwise, the Company will record these deposits at fair value on the expiry date of the relationship with the Government. Furthermore, the Company has stated these deposits off-the statement of financial position under contra accounts in an amount of JD 138,646,494 as of December 31, 2017.
 4. The two parties have not reached an agreement as to who will maintain the write-off and repair of cylinders 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 belongs to Jordan Petroleum Refining Company. In this regard, any amount for a lawsuit won by the Company will be transferred to the Government. On the other hand, any judicial expense incurred during the period of its relationship with the Government will be borne by the Ministry except for the allocated provision.
 6. The two parties have agreed that the other provisions balance of JD 234 thousand as of September 30, 2017 is the right of Jordan Petroleum Refinery Company.
 7. The two parties have agreed that the income tax provision as of September 30, 2017 is the right of the Government and is transferred to the Income and Sales Tax Department on the due date in accordance with the Income and Sales Tax Law.
 8. The two parties have agreed that the labor provisions balance (compensation for work injuries; provision for employees' vacation; provision for end-of-service indemnity; and provision for death, compensation, and end-of-service) as of September 30, 2017 is the right of Jordan Petroleum Refinery Company.
 9. The two parties have not reached an agreement as to who will maintain the provision for doubtful debts balance of JD 10.5 million as of September 30, 2017.
 10. The two parties have agreed that the provision for legal compensation balance of JD 6.27 million as of September 30, 2017 belongs to the Government. In this regard, 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 belongs to the 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 obsolete and slow-moving inventory balance of JD 19.9 million as of September 30, 2017.
- During the year ended December 31, 2016, Jordan Petroleum Refinery Company has charged the interest expense of JD 79.2 million resulting from the borrowings on behalf of the National Electric Power Company to the Ministry of Finance's account and the National Electric Power Company's account. This is due to charging the Ministry of Finance's account during the previous years with the amount of interest instead of recording it in the National Electric Power Company's account. In this respect, the Company will transfer this amount to the Ministry of Finance once it receives it from the National Electric Power Company.
 - The Ministry of Finance informed Jordan Petroleum Refinery Company that the Company should transfer the accruals of the Treasury in accordance with the letter mentioned above which represented by the net financial relationship with the company by around JD 69.6 million to the Treasury as of March 31, 2016. The difference between total refinery ownership of JD 407.9 million, Treasury ownership of JD 328.3 million, in addition to the booked provision for Alia - Royal Jordanian Airlines of JD 40 million, borrowing interest for financing the needs of National Electric Power Company of JD 79.2 million, and pricing differences of JD 30 million as previously mentioned, furthermore, the Company replied back over the ministry of finance letter 2/23/25/7/7924 dated on July 24, 2016, Which states that the net relationship as of March 31, 2016 JD (79.6) million for the company, meanwhile the company confirmed the total refinery ownership as mentioned in the ministry letter amounted to JD 407.9 million and confirmed the total Treasury ownership amounted to JD (328.3) million and stated that part of these amounts has been payed after March 31, 2016 and stated that recognizing the borrowing costs of the Company in order to fund the needs of National Power Electric Company which is amounted to JD 79.2 million will be after confirming the amount by the National Electric Power Company, moreover pricing differences amounted to JD (30) million, that has been reversed

in the surplus profit that has been booked for the ministry account during the year 2016 in the government profit settlement in order to obtain the targeted profit through reversing the provision of doubtful debts of Alia in the semiannual financial statements after obtaining the Board of Directors approval so accordingly the Company reversed the booked provision for Alia, Jordan Petroleum Refinery Company reversed the booked provision for Alia during the year ended December 31, 2016 according to the Board of Directors approval. Accordingly, during the year 2016, the Jordan Petroleum Refinery Company booked the incurred borrowing costs resulting from borrowings on behalf of National Electric Power Company of JD 79.2 million to the Ministry of Finance, account against National Electric Power Company dues on the basis that the Company's used to book the finance costs to the Ministry of Finance's accounts directly during the past years rather than booking these finance costs to the National Electric Power Company. Moreover, the Company shall transfer this amount to the Ministry of Finance once it is received from the National Electric Power Company.

- The Company established the Jordan Petroleum Products Marketing Company (a limited liability company) on February 12, 2013, which started its operations on May 1, 2013. Moreover, part of the Company's assets was transferred to Jordan Petroleum Products Marketing Company at the assets net book value. In addition, some of the Company's employees were seconded to work at Jordan Petroleum Products Marketing Company. The required legal procedures to transfer the title of some buildings and vehicles were also completed during the year 2016, and the Company is still in the process of concluding the title transfer of the rest of property and equipment. Furthermore, the Ministry of Finance sent Letter No. 18/4/21247, dated August 24, 2015, to the Company inquiring about the transfer of part of these assets to Jordan Petroleum Products Marketing Company at the assets net book value, instead of market value. In this regard, the Ministry demanded that these assets be revalued at market value and that the difference in those values be recorded to the favor of the Government. Consequently, the Company responded to the Ministry of Finance in a letter dated November 18, 2015, explaining that the decision to transfer assets at net book value was based on a precedent relating to the transfer of the assets of the stations to the three marketing companies. Moreover, the transfer is for restructuring the Company's activities upon the expiry of the concession period, which entailed such restructuring.
- The expired concession settlement agreement between Jordan Petroleum Refinery Company and the Government dated February 25, 2008 stated that Jordan Petroleum Refinery would keep part of the distribution activities (as one of the licensed distributing companies with a market share not less than 25 %) subject to all conditions and terms applied to the other distributing companies. Moreover, the agreement stated that this Company's assets shall include the gas stations owned by Jordan Petroleum Refinery which has the right to split, own, and sell these stations to the distributing companies. In addition, the agreement stated that Jordan Petroleum Refinery Company is the owner of the tanks and the pumps and has the right to sell them to the distribution companies. The agreement also stated that the Government owns some entities (storage and loading areas in Aqaba and properties within the Jordanian airports. In the beginning, the Jordan Petroleum Refinery Company was involved as a partner, but later on, it was agreed that the Government would be the sole owner of these assets in accordance with an independent meeting held on September 2012). In the meantime, the agreement stated that the Jordan Petroleum Refinery Company would keep the remaining ownership of the property, plant and equipment, including the oil derivatives loading and distribution facilities. As the Company established Jordan Petroleum Products Marketing Company that started its operations in May 2013 and transferred the distribution activities to this company, it follows that the distribution activities and the gas stations should be transferred to this company.

(32) Death, End-of-Service Indemnity, and Compensation 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 and end-of-service indemnity compensation fund), and according to General Announcement No. 11/2012, issued by Jordan Petroleum Refinery Company, dated March 3, 2012, employees will receive at the end of service 150% of their monthly gross salary based on the last salary received. However, this amount should not exceed JD 2,000 for every working year for those whose gross monthly salaries do not exceed JD 2,000. If the monthly gross salary exceeds JD 2,000, the employee will be paid one monthly gross salary for every working year as an end-of-service compensation according to the last salary paid. The required provision will be annually determined by the Board of Directors, in light of the amount of the contingent liability, to enable the Company to build the full provision within five years according to Instruction No. (5) of the new fund referred to above. Moreover, there is a no shortage in the required provision balance as of December 31, 2017.

(33) Related Parties Transactions and Balances

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

	December 31,	
	2017	2016
	JD	JD
Ministry of Finance debit (Note 6)	158,819,906	187,865,728
Ministry of Finance - surplus from differences of pricing oil derivatives (Note 14)	(46,775,893)	(79,278,291)
Ministry of Energy and Mineral Resources - Provision for constructing alternative tanks (Note 14)	(93,500,103)	(94,457,951)

The Company keeps strategic inventory as deposits in favor of the Ministry of Finance in accordance to the concession agreement ending agreement year 2008 at and its fair value amounted to JD 138,646,494 as of December 31, 2017 and is shown under contra accounts section in the consolidated statement of financial position.

	2017	2016
	JD	JD
Subsidy for crude oil derivatives charged to the Ministry of Finance - debit (Note 24)	36,665,647	2,522,136
Ministry of Finance - settlement of targeted net income with the Government (surplus) support (Note 26)	(81,194,195)	(155,039,632)
Ministry of Finance - surplus from differences of pricing oil derivatives - credit (Note 24)	(3,734,789)	(9,505,112)

Executive management and members of the Board of Directors' salaries and remunerations amounted to JD 1,375,440 for the year 2017 (JD 1,362,112 for the year 2016).

(34) Risk Management

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

A. Capital Risk Management

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

B. Liquidity Risk

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

C. Credit Risk

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

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

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

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

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

	2017	2016
	JD	JD
5% Increase	122,278	144,948
5% (Decrease)	(122,278)	(144,948)

D. Market Risk

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

1. Currencies Risk

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

	2017	2016
	JD	JD
Assets - US Dollar	555,990	965,037
Liability - US Dollar	577,083,822	525,135,243

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

2. Interest Rate Risk

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

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

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

	2017	2016
	JD	JD
0.5% Increase	3,018,931	2,477,300
0.5% Decrease	(3,018,931)	(2,477,300)

(35) Sectorial and Geographical Distribution

Information on geographical and sectorial distribution:

- The Company is organized, for management purposes, into four major business sectors.
- Refining: This sector separates the components of imported lube-oil into a set of varied oil products according to international specifications. This depends on licensing from the American UOP Company.
- Distribution: Distribution links the production activity and refining activity, on one hand, and all customers in the various areas of the Kingdom, on the other. Moreover, distribution fulfills customers' demands on the Company's petroleum derivatives and gas.
- Manufacturing of Lube-oil: This sector includes the manufacturing and production of several types of oil required in the local and foreign markets.
- Manufacturing and Packing of Gas Cylinders: This sector includes manufacturing, filling, repairing, and maintaining gas cylinders, and downloading it in three subsidiary Gas Stations.

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

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

	December 31, 2017				
	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Jordan Petroleum Products Marketing Company	Others	Total
	JD	JD	JD	JD	JD
Income before tax for the year	15,990,790	11,404,627	11,707,066	78,977	391,181,460
Other Information					
Total sector's assets	1,092,179,563	32,002,835	239,648,870	4,458,896	1,368,290,164
Total sector's liabilities	993,950,090	20,597,457	139,393,314	212,113	1,154,152,974

	December 31, 2016				
	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Jordan Petroleum Products Marketing Company	Others	Total
	JD	JD	JD	JD	JD
Income before tax for the year	21,549,097	13,293,578	11,170,209	67,171	46,080,055
Other Information					
Total sector's assets	1,057,198,504	16,097,918	165,576,094	4,360,464	1,243,232,980
Total sector's liabilities	929,933,761	3,062,775	112,372,079	793,295	1,046,161,910

The marketing company practices its activity by direct selling to costumers through its stations as of December 31, 2017, and through its subsidiary companies, in addition to supplying 250 stations with their demand from derivatives, according to the marketing license.

(36) The Future Plan

As the transitional period, agreed upon in the minutes of meetings of the Company's future plan during the year 2012 is coming to an end as of the upcoming April's end, the Company continues its communications with the government to reach an agreement about terminating the relationship between them. These communications include the following key matters:

- A. Scheduling loans due to the Company from the government and its institutions.
- B. Determining a fair commission related to the liquid gas activity sufficient to cover the cost of this activity and generate a fair profit.
- C. Continuing the refining activities alongside completing of the fourth expansion project stages.

It is expected to reach an agreement soon regarding these matters and other matters related to the relationship between both parties.

Regarding the fourth expansion project, and after each of the American UOP and KBR companies were assigned to prepare a preliminary design of the project's units according to the license on the use of the technology owned by these two companies, fifteen international companies have been invited to qualify for the detailed design stage known as Front-End Engineering Design (FEED). In this regard, nine companies have been qualified, five of which have already presented proposals currently under study in order to choose the most suitable offer for this task.

The party to be assigned to design the (FEED) will communicate, in coordination with the Company, with project financiers including export credit agencies, banks, and other creditors. The communication with parties interested in financing the project is still ongoing.

Moreover, it is expected that a contractor would be chosen for (FEED) by the end of May during the upcoming year at the latest.

In addition, the Jordan Petroleum Products Marketing Company continues its operations involving creating new gas stations in different areas of the Kingdom. In this regard, stations have been opened in Amman, Jerash, and Irbid, as well as on the Jordan Highway. Moreover, Amna Armouti gas station has been renovated and reopened. Concerning its future plan, during 2018, not less than 10 new stations 100% owned, co-owned, leased, or under the management of the Jordan Petroleum Products Marketing Company will be opened all over the Kingdom.

Regarding mineral oils activities, efforts continue to be exerted to market the Company's various types of oil products both inside and outside the Kingdom through relying on high-quality products. Moreover, agreements have been signed for exclusive agencies in Iraq, and discussions are ongoing regarding exporting to several African countries.

(37) Fair Value Hierarchy

A. Fair value of financial assets and financial liabilities 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 gives information about how the fair value of these financial

assets and financial liabilities are determined (valuation techniques and key inputs):

	Fair Value as at		Fair Value Hierarchy	Valuation Techniques and Key Inputs
	December 31,			
	2017	2016		
Financial assets at fair value:	JD	JD		
Financial assets at fair value through comprehensive income				
Companies shares	2,445,578	2,898,959	Level 1	Stated prices in financial markets
Total financial liabilities at fair value	2,445,578	2,898,959		

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

B. The fair value of financial assets and financial liabilities of the Company non-specific fair value on an ongoing basis:

We believe that the book value of financial assets and liabilities approximates their fair value. Moreover, investment properties, representing a part of the gas stations buildings, were evaluated upon acquiring the stations.

(38) Subsequent events

1. Suggested profits to distribute:

The board of directors agreed in its meeting held on March 27, 2017 recommended for the General Assembly to distribute cash dividends in a 20% of the Company's capital.

2. Reserves:

The board of directors in its meeting held on March 25, 2018 recommended the General Assembly to increase the voluntary reserve by an amount of JD 7,836,292 and to increase the fourth expansion reserve by an amount of JD 7,836,292 from the retained earnings.

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