Annual Report 2020

65th Board of Directors Annual Report and Financial Statements For the Year Ended 31st December, 2020

His Majesty

King Abdullah II Bin Al Hussein

His Royal Highness / The Crown Prince

Prince Hussein bin Abdullah II

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1921 2021

وتستمر المسيرة

Contents

Our Vision

To be a Vibrant, Integrated & Diversified Regional Energy Company admired for its Performance, Competitiveness & Quality of Products & Services.

Our Mission

- Meeting the local demand for energy in an economically, environmentally, socially responsible and safe manner.
- Focusing on the constant innovation, adopting advanced technology to enhance productivity and maximizing profitability.
- Expanding the Company operations and diversifying our range of activities through different partnerships with reputable names to broaden Company marketing network regionally.
- Developing the scientific and technical capabilities of the Company personnel, providing them with specialized training as well as incentives and rewards in order to realize optimum results and achievements.
- Building value into the investments of the Company's shareholders.

Focusing on the constant innovation, adopting advanced technology to enhance productivity and maximizing profitability.

Board of Directors

Chairman:	
Eng. Alaa Arif Batayneh * Mr. Walid Mithkal Asfour**	
Vice Chairman:	
Eng. Abed AlRahim Fathi Boucai ***	A representative of Abdel AlRahim Al Boucai & Partners Co.
Members:	
Eng. Khair Abdullah Abu Saalik	
Mr. Bassam Rashad Sinokrot	
Mr. Ahmad Adnan Alkhudari	
Eng. Shakib Abdel-Latif Odetallah	Representative of the Social Security Fund of the Engineers Association
Mr. Jamil Ali Darras	Representative of the Islamic Development Bank- Jeddah
Mr. Walid Yacoub Al Najjar	
Mr. Jamal Mohammed Fariz	
Mr. Ibrahim Ahmad AbuDayyeh	
Ms. Reem Yahya Abzakh	Representative of the Social Security Corporation
Mr. Ali Mohammad Albalawneh *****	Representative of the Social Security Corporation
Mr. Sleeman Fayyad Al-Shawabkeh****	Representative of the Social Security Corporation
Dr. Samer Ibrahim Mofleh ****	Representative of the Social Security Corporation
Dr. Mohammad Mahmoud Thneibat******	
Chief Executive Officer:	
Eng. Abdel Karim Hussein Alawin	
Financial Auditors:	
Deloitte & Touch Company -Middle East /Jordan	

* Eng. Alaa Arif Batayneh was elected as Chairman of the Board of Directors as of 14/10/2020 succeeding Mr. Walid Mithkal Asfour who passed away on 9/10/2020.

** Mr. Walid Mithkal Asfour's membership expired on October 9, 2020, due to his death.

*** Eng. Abed AlRahim Fathi Boucai was elected as Vice-Chairman of the Board of Directors as of 14/10/2020, succeeding Eng. Alaa Arif Batayneh, who became Chairman of the Board of Directors as of 14/10/2020.

****Mr. Sleeman Fayyad Al-Shawabkeh was named as a representative of the Social Security Corporation instead of Dr. Samer Ibrahim Mofleh, as of 10/8/2020.

*****Mr. Ali Mohammad Albalawneh was named as a representative of the Social Security Corporation instead of Mr. Sleeman Fayyad Al-Shawabkeh, as of 17/2/2021.

******Dr. Mohammad Mahmoud Thneibat was appointed as a member of the Board of Directors on 14/10/2020 on a temporarily basis, until the approval of his appointment by the General Assembly of the Company's shareholders due to the vacancy of a seat in the Board of Directors as a result of the death of Mr. Walid Mithkal Asfour.

Chairman’s Statement

بسم الله الرحمـن الرحيم

Dear Honored Shareholders,,,

At the outset, and on my own behalf and on behalf of my colleagues, members of the Board of Directors, I am pleased to welcome you to thank you all for your kindness for attending the ordinary meeting of the general assembly of the company held by means of visual and electronic communication in accordance with the provisions of Clause (2) of Paragraph Two of Defense Order No. 5 for the year 2020, and I am honored to present to you the sixty-fourth annual report of the Jordan Petroleum Refinery Company, including the achievements made by the company during the year 2020, and the financial statements audited consolidated financial year ended 31/12/2020 and the company's future plan.

Dear Shareholders,,,

The company continued its successful track beyond the challenges it faced, in particular the Coronavirus pandemic and its consequences, relying on the continuous support of its esteemed shareholders and the strength of its financial position and human resources, whereas, as a result of the Coronavirus pandemic, global crude oil prices were negatively affected as a result of the increase in supply and the lack of demand, and the prices of oil products , globally and locally, were negatively affected as a result of the lack of demand arising from changing social behavior due to the quarantine and curfew that was applied in countries around the world and in the Kingdom. Sales of aviation fuel were the most affected in terms of low demand and low prices, and they are still affected as a result of the preventive measures taken by countries of the world on air transport to prevent the spread of Corona virus.

The decline in prices of crude oil and finished oil derivatives during the year 2020 led to a decrease in the value of the company's stock of crude oil and oil products, as the company evaluates its stock at cost or market price, whichever is less in compliance with international accounting standards, and this led to a decrease in the value of its stock at the end of the year compared with the beginning of the year by around JOD (96) million. The company reduced its costs to the minimum possible during the year 2020, and during the year 2020 the company imported the equivalent of four million barrels of crude oil at very low prices, which limited the impact of the decline in the value of its stock resulting from the lower prices of crude oil and oil products.

In light of the recovery of prices crude oil and finished oil derivatives due to the fact that crude oil producing countries reached an agreement to reduce their production and as a result of the return to normal life as the world started adapting to coexist with the Corona virus pandemic, and the company's continued cost reduction and the import of oil shipments with high level of gasoline, kerosene and diesel with low content of heavy fuel oil, the company hopes to compensate its losses of year 2020 in the coming periods.

With regard to the fourth expansion project, Messrs. Tecnicas Reunidas (Spain) completed the preparation of the FEED documents, based on the documents of Messrs. KBR and UOP (USA) as technology owners, as well as after contracting with SCB Bank as a financial advisor with the intention of attracting investors and financiers for the project and contracting with Freshfields as a legal International advisor, Messrs. Technip (UK branch) were contracted in June 2020 as a contractor to manage the project, prepare the qualification requirements of construction and financing contractors (EPCF), evaluate their offers and select the qualified contractor, an to supervise the project construction works, noting that Technip has completed the pre-qualification stages for the construction and financing contractors and the selection of the qualified contractor in coordination with all the consultants, and the bidding documents relevant to the project construction were sent to these contractors, provided that their bids are to be received in mid-July 2021.

In addition to the above, the refinery contracted Ernst & Young and Wood Mackenzie to prepare due diligence reports on which the investors and financiers rely from accounting and commercial aspects to evaluate their participation in the project and take the appropriate decision regarding their participation in the financing process.

AON has also been appointed as an insurance advisor for the fourth expansion project to cover the issues related to policies, programs and insurance requirements for the project to meet the requirements of financiers and investors, in addition, ECO and WKC have been assigned to act as an environmental expert (as they prepared the environmental assessment study for the project), the two companies have worked on preparing a gap study for the environmental and social impact assessment study of the project and they will prepare terms of reference in coordination with the Ministry of Environment regulations to cover all the activities of the refinery (refining activity, liquefied gas activity, petroleum products marketing company and the Lube Blending Plant activates) in order to meet the requirements of investors regarding the inclusion of all the company's activities in the study.

In this context, it is planned to select the EPCF contractor by the first quarter of 2022, as the execution of the project will begin after the completion of the financial closure, which is expected to be reached during the year 2022.

Dear Honored Shareholders,,,

By reviewing the consolidated financial statements of the company for the year 2020, it is shown that the net sales value of the company decreased by (35%), reaching about JOD (957) million for the year 2020, compared to the amount of JOD (1.463) billion for the year 2019 due to the decrease in sales and prices as a result of the Coronavirus pandemic and its consequences, as the quantities decreased due to quarantine that were applied in the Kingdom, and the prices of oil products decreased significantly due to the decline in the prices of crude oil and oil derivatives globally, due to the increase in supply and the lack of demand due to the Coronavirus pandemic, the results of the year 2020 were losses of an amount estimated at JOD (14.3) million compared to profits in the year 2019 to an amount estimated amount of JOD (44.2) million dinars, and the main reason for this is the decrease in the value of stocks at the end of the year compared to the beginning of the year although the company maintained the quantities of its inventory, due to low prices of crude oil and oil products due to the Corona pandemic, as the international accounting standards implemented by the company stipulate that the stock is evaluated at the end of the year at cost or market price, whichever is lower, and the measures taken

by the company to confront the consequences of the Coronavirus pandemic mentioned earlier, this contributed to reducing the losses that resulted from the differences in evaluating the company's stock of crude oil and oil products, noting that losses of international oil companies such as (Exxon Mobil, Shell, and British Petroleum) in 2020 exceeded USD (22) billion for some of these companies.
On the other hand, the total assets of the company decreased to about JOD (1.094) billion, compared to JOD (1,291) billion for the year 2019, a decrease of JOD (197) million, mainly due to decrease in current assets to JOD (199) million, especially the item of debtors and other debit balances which decreased by about JOD (91) million compared to the two years as a result of reducing receivables owed by the Ministry of Finance, governmental Authorities and security Authorities through conducting financial clearings between amounts owed to the company by the Ministry of Finance, Governmental Authorities and security Authorities and amounts owed to the Government by the company, based on the approvals of the settlement committee formed by the Government, Cash in hand and at banks decreased by about JOD (8) million, and the crude oil, oil products and supplies decreased by about JOD (100) million as a result of differences in the evaluation of stock prices at the end of the period due to the decrease in the prices of crude oil and oil products due to Coronavirus pandemic. The company's non-traded assets rose by about JOD (2) million, compared to the previous years.

As for the company's current liabilities, it decreased by about JOD (160) million for the year 2020 compared to the year 2019 due to the decrease in the item of creditors and other credit balances by about JOD (252) million compared to previous year as a result of the financial settlement with the Government, and due to the payments related to crude oil and petroleum products shipments paid to external suppliers during the year. This was offset by an increase in the item of creditor banks by about JOD (108) million, and the income tax provision decreased by about JOD (7) million. The item of liabilities that resulted from owning a subsidiary company decreased by about JOD (9) million.
The value of the company's non-current liabilities decreased by an amount of equivalent to JOD (6) million, as a result of the decrease in the clause of leasing obligations for the non-current part by JOD (5) million and the decrease in the amount required for the death, compensation and end-of-service benefits fund, equivalent to JOD (1) million .

Dear Honored Shareholders,,,

In 2020, we received with great sadness and sorrow the death of the former chairman of the board of directors of the company, Mr. Walid Mithkal Asfour, the company will always remember his great services and sincere efforts he contributed during the long period he spent in the board. May God rest his soul in peace.

In conclusion, I would like to thank our Government looking forward to their support to enable the Company to continue its 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 the members of 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 Executive Management, Managers and Employees for their permanent perseverance and sincere efforts in the company's service to ensure the progress and development.

Finally, I take this opportunity to express our pride and gratitude for your support, asking God to decreed for us and you all goodness and success, and that the year 2021 be a year of transformation in the company's march towards a new horizon, through which we look forward to upgrade the company's business at various levels. Administrative, operational and financial, and in line with the changes and the rapid developments witnessed by the whole world, so that the company will continue as you entrust it as a tributary of the national economy under the patronage of His Majesty King Abdullah II Ibn Al Hussein, the sponsor of building the modern state of Jordan, may God bless and keep him for our country and our nation.

Eng. Alaa Batayneh
Chairman of the Board of Directors

First:Competitive position of the Company, market share, patents and trademarks And Concession rights

The company was established on July 8, 1956 with a capital of JOD (4) million and the capital was increased in several stages, the most recent of which was the company's decision taken at its extraordinary meeting on April 28, 2016, where the company's capital was increased by the capitalization of JOD (25) million and distributed to shareholders to reach JD (100) million.

In addition to the main Refinery units and the production of petroleum products, the company owns a Lube Oils Manufacturing Plant, also the company owns Jordan Petroleum Products Marketing Company (subsidiary company), and owns three Gas Filling Stations, Gas Cylinders are also repaired in special workshop for the purpose of reducing the cost of write-offs, and the attached Consolidated Financial Statements cover the operations of major units, plants and subsidiaries directly and indirectly owned.

In addition to refining, producing, and manufacturing petroleum products, the company carry out the process of transporting and distributing petroleum products to some consumers who are supplied directly from the company, the company undertakes production, manufacturing, filling and marketing of lube oils, also the company carry out the activities related to production, filling and distribution of liquefied petroleum gas as well as the maintenance activities of LPG empty cylinders and the activities of importing of empty LPG cylinders, the Jordanian Petroleum Products Marketing Company (subsidiary company) imports, distributes and supplies finished petroleum products through its stations in addition to the process of maintaining these stations.
Under the settlement agreement with the Jordanian Government on February 25, 2008 regarding the termination of the concession, the company should separate some of the company's activities by establishing new subsidiary companies wholly or partly owned by the Jordan Petroleum Refinery Company, Consequently, during the year 2008, the company established two subsidiaries wholly owned by the Jordan Petroleum Refinery Company, Jordan Company for Manufacturing and Filling of LPG and Jordan Company for Manufacturing of Lube oils, in preparation for the separation of the activities related to LPG filling and manufacturing of lube oils, Noting that these two companies have not carried out any commercial activity yet, where the Company is still in the process of completing the procedures for separating the company's other activities. In addition, the company established the Jordan Petroleum Products Marketing Company in 2013 which is wholly owned by the Jordan Petroleum Refinery Company.

The Refining And LPG Activity :
The Concession Agreement

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

b. The Company's profit for the period ended April 30, 2018, and for the years from 2012 until 2017, has been calculated according to the Council of Ministers' resolution, taken 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 shall be achieved for the Jordan Petroleum Refinery Company while keeping the changes in the Company's expenses within the normal rates. Otherwise, the Government should be consulted concerning any deviations therefrom.
2. The Government has the right to appoint an external auditor (public accountant) to audit the Company's financial statements for the purposes stipulated by the Government.

3. Profit from the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company, and any other profit from other future companies owned by it and operating according to licenses issued by the

Ministry of Energy and Mineral Resources or the sector regulator, shall be excluded from the above-mentioned profit, provided that their standalone financial statements or their own accounts are separated.

4. The Lube–Oil Factory's profit shall be excluded from the above-mentioned profit, provided that the Lube-Oil Factory is charged with the related fixed and variable costs, whether directly or indirectly, and its standalone financial statements or accounts are separated.

5. The liquefied gas (LPG) activity profit shall be excluded from the above-mentioned profit, provided that its standalone financial statements or its own accounts are separated.

6. The profit granted to Jordan Petroleum Refinery Company of 10 cents/barrel from refining the Iraqi crude oil shall also be excluded from the above-mentioned profit, provided that this profit is subjected to income tax.

7. The current or future financial statements shall not be charged with any prior years' provisions or expenditures, except for the committed provisions or expenditures (provisions and employees' rights, provision for expected credit losses, provision for the writing-off of gas cylinders, provision for lawsuits raised against the Company, provision for slow-moving, obsolete and sediments inventory, provision for self-insurance, etc.), provided that these provisions and financial statements are audited by the Government.
8. The above applies to the year 2011 until the end of the transitional period of (5) years, starting from the date the marketing companies commenced their expected work as of September 1, 2012. Moreover, the marketing and selling of Jordanian petroleum products companies started their operations as of May 1, 2013. Meanwhile, the financial relationship between the Company and the Government was terminated, and the above resolution was suspended on May 1, 2018, according to the Council of Ministers' Resolution No. (7633), taken in its meeting held on April 30, 2018.

The calculated profit difference was recorded according to this method when calculating profit according to the commercial basis in the Ministry of Finance's account for the period ended April 30, 2018, and for the years from 2011 until the end of the year 2017, under the item of profit settlement with the Government. Moreover, the results of the liquefied gas business activities were not excluded from the profit mentioned in item (5) above, despite the fact that the Council of Ministers' Resolution No. (7633), taken in its meeting held on April 30, 2018, has set the commission for filling gas cylinders for the period from May 1, 2018 to December 31, 2018 at 43 JD per ton sold, and filling liquefied gas rate of return on investment for calculating the commission amount at 12% per annum. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated, when calculating the filling stations' commission amount, in the subsequent period upward / downward. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector Regulatory Authority with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020. At the same time, the Company has provided the entities appointed by the said ministry with all the required data, and these authorities provided the Ministry of Energy and Mineral Resources with the final report. No decision has yet been made by the Government to determine the final commission amount, which reflects the rate of return on investment at a rate of 12% annually, in accordance with the above- mentioned Council of Ministers' Resolution No. (7633).

End of the Relationship with the Government

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

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

pany as of April 30, 2018, and guaranteeing their payment with interest at the actual cost borne by the Company during the above period at the said rates. As a result of the Government's failure to comply with the above resolution, and based on the agreement between the Company and the Government, the Council of Ministers' Resolution No. (6399) was taken in its meeting held on September 9, 2019. The resolution stipulated that the Company shall borrow an amount equivalent to about JD 457 million from banks to pay part of the balance of debts due to the Company from the Government until December 31, 2018. In return, the Ministry of Finance shall pledge to pay the loans and interest thereon to the assigned banks. During the first half of October 2019, the Company withdrew JD 455,505,000 from the banks assigned by the Ministry of Finance. Accordingly, the Ministry of Finance issued pledges to the banks regarding payment of the loans installments and interest thereon. Consequently, the Company deducted the withdrawn amounts totaling JD 455,505,000 from the balance of receivables due from the security authorities, ministries, departments, government agencies, and the Ministry of Finance in accordance with the agreement between the Company and the Ministry of Finance signed on June 16, 2020, as well as signed by the Minister of Finance, following the Council of Ministers' approval of the agreement and the authorization of the Minister of Finance to sign the agreement on behalf of the Jordanian Government, under the Council of Ministers' Resolution No. (9158), taken in its meeting held on March 24, 2020. Moreover, the Ministry of Finance has also committed itself to repaying all loan amounts and interest thereon to banks, as these amounts have been allocated within the General Budget Law for the year 2020 under the item "Loans Installments for Handling Government Arrears", according to the Ministry of Finance's Letter No. (18/4/9200), dated May 14, 2020. Meanwhile, the Jordanian Government has paid all the installments and interest thereon to the assigned banks on their due date. In the opinion of the Company's management and legal advisors, the Company shall not incur any obligations regarding the loans and pledges above.

2. Jordan Petroleum Refinery Company shall treat the sediments and water in the tanks and dispose of the materials no longer needed. Moreover, the slow-moving materials shall be evaluated on April 30, 2018; the cost of the sediment and water, as well as the disposal costs thereof, shall be calculated; and the surplus shall be transferred to the Ministry of Finance. As a result of the agreement between the Company and the Government, the Ministry of Finance issued Letter No. 4/18/28669, dated August 29, 2019, granting approval to the Company to clean its tanks from sediments and water at the Government's expense, and write off materials, spare parts, and supplies no longer needed, and transfer the surplus balance of the provision for slow-moving, obsolete, and sediments inventory to the Ministry of Finance. Accordingly, the Company tendered the treatment of sediments and water, and the awarded company cleaned the bulk of the sediments, and work is still underway to treat the remaining sediments. A specialized committee was also assigned to study the stock of spare parts and other supplies to determine the materials and supplies that can be used, instead of purchasing similar materials, and to identify the materials and supplies no longer needed to write them off. Work is still in progress in this regard.

3. Jordan Petroleum Refinery Company shall maintain JD 5 million as a provision for the write-off, repair, and replacement of gas cylinders and transfer the remaining JD 5 million to the Ministry of Finance. If the actual value of the write-off, repair, and replacement of the cylinders exceeds the said amount, the difference shall be transferred from deposits from the Ministry of Finance. If, on the other hand, the actual value is lower, the difference shall be transferred to the Ministry of Finance, provided that this matter is addressed in the future through the pricing mechanism. Accordingly, the Company released an amount of JD 5 million, during the period ended April 30, 2018, which was reflected in the account of the Ministry of Finance, and this action was approved by the Ministry of Finance under its Letter No. 4/18/28669, dated August 29, 2019.

4. Jordan Petroleum Refinery Company shall delete the interest of JD 79.2 million on the National Electricity Company's borrowings, provided that settlement is reached between the National Electricity Company and the Government. Moreover, the Company has deleted these amounts from the consolidated statement of financial position pursuant to the Ministry of Finance's Letter No. 18/73/33025, dated November 25, 2018, and addressed to the National Electricity Company. The letter states that the Ministry of Finance shall record the interest as an advance due from the National Electricity Company to the Government at the Ministry of Finance until full payment. In addition, the Ministry of Finance issued its approval to delete the interest of JD 79.2 million on the National Electricity Company's borrowings pursuant to the Ministry of Finance's Letter No. 4/18/28669, dated August 29, 2019. Accordingly, the Company has deleted the interest on the National Electricity Company's borrowings from the Company's records.

5. Jordan Petroleum Refinery Company tax status shall be rectified as regards the inclusion of tax in the selling prices bulletin of oil derivatives (IPP) after the refinery gate price. In this respect, the refinery gate price does not include general and special taxes. Instead, taxes are included afterwards, collected from the marketing Companies, and forwarded to the State Treasury. Meanwhile, the Income and Sales Tax Department's Letter No. (20/4/347), dated February 16, 2021, included the Department's approval to collect taxes on the Company's sales to the three marketing companies through the marketing companies only. In this regard, the Company is not obligated to pay taxes on its sales to the marketing companies. However, it shall only pay tax on sales to other customers (Note 9/F).

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

7. Gasoline (95) used for the mixing process to produce gasoline (90) and (95) shall be exempted from the tax differences between import and sale in accordance with the Council of Ministries' Resolution No. (6953), taken in its meeting held on March 19, 2018. Moreover, the necessary procedures shall be facilitated concerning the implementation of the Council of Ministers' Resolution No. (13363), taken in its meeting held on January 3, 2016, related to exempting the Company's imports sold to the marketing companies inside the kingdom. In this respect, the resolution prescribes exempting Jordan Petroleum Refinery Company from general and special taxes, as of May 1, 2013, on the quantities sold exclusively to the marketing companies inside the kingdom. The resolution also prescribes resolving all pending issues with the Customs Department and completing all customs statements, whether pending at the Customs Department or the Jordan Standards and Metrology Organization before the relationship with the Government expired. Moreover, a committee was formed by the Ministry of Finance and the Ministry of Energy and Mineral Resources comprising representatives from the Jordan Customs Department, the Income and Sales Tax Department, and Jordan Petroleum Refinery Company. During October 2019, the said committee completed its work and submitted its final report to the Ministry of Finance and the Ministry of Energy and Mineral Resources. Consequently, the Ministry of Finance and the Ministry of Energy and Mineral Resources approved the quantities stated in the committee's report, and the Customs Department prepared and exempted the customs statements according to the above resolutions. Meanwhile, the customs statements amounts subject to general and special taxes were specified. In this connection, the Company submitted a request to the Ministry of Finance to offset the general and special taxes included in the non-exempt customs statements that are not covered by the above resolutions against part of the Ministry of Finance's liability (the main account). In return, the Customs Department approved the said request on March 16, 2020, and the clearing committee approved the offsetting request submitted by the Company based on the instructions, mechanism, and bases of the Offsetting Process No. (1) for the year 2017, which includes the approval to offset the amounts owed to the taxpayer the Jordan Petroleum Refinery Company against the amounts due to the General Customs Department, which represent the value of the general and special sales tax on the imports of the Jordan Petroleum Refinery Company of JD 58,042,756 on July 6, 2020. The aforementioned offsetting was carried out, and all customs statements pending at the Customs Department were completed.

8. The Government's strategic inventory, which has been quantified and valued, shall be transferred to the Jordan Oil Terminals Company (JOTC), provided that the value of this inventory is settled later. Additionally, Jordan Petroleum Refinery Company started transferring the strategic inventory to JOTC during April 2018, and is still transferring the quantities to JOTC according to the quantities requested by JOTC and the Ministry of Energy and Mineral Resources and JOTC's storage capacity. Meanwhile, the Company transported the Government's aviation fuel to the Royal Jordanian Air Force during July 2020, and the Government's asphalt material to the Ministry of Works during the year 2020, at the request of the Ministry of Energy and Mineral Resources. During February 2021, the Company exported the Government's fuel oil at the request of the Ministry of Energy and Mineral Resources. It also received a letter from the Ministry of Finance and the Ministry of Energy and Mineral Resources that includes the Government's sale of crude oil to the Company as of the beginning of March 2021 on the basis of crude oil prices issued by Aramco for March 2021. Moreover, the Ministry of Finance's approval has been received regarding the final settlement of the inventory amount and quantity according to the Ministry of Finance's Letter No. (4/18/28669), dated August 29, 2019.

9. The Ministry of Finance shall maintain the provision for doubtful debts (expected credit losses provision). If any debt that arises during the relationship with the Government is written off, the Ministry of Finance shall commit to paying it to Jordan Petroleum Refinery Company. Under the agreement between the Ministry of Finance and the Company, the Ministry of Finance agreed that the Company shall retain the balance of the provision for doubtful debts (provision for expected credit losses). In case the Company recovers any receivable amount recorded within the provision, the recovered amount shall be taken to the Ministry of Finance's account pursuant to the Ministry of Finance's Letter No. 4/18/28669, dated August 29, 2019.

10. The rate of return on investment shall be determined for LPG filling stations for the purpose of calculating the commission at (12%). Moreover, the commission amount for the period from May 1, 2018 to December 31, 2018 shall be set at JD 43 per ton. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated, when calculating the filling stations' commission amount, in the subsequent period. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector Regulatory Authority with all information and data related to the gas activity for deter-

mining the commission amount for the years 2019 and 2020, which reflects the return on investment for this activity at 12% annually. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020. At the same time, the Company provided the entities appointed by the Ministry of Energy and Mineral Resources with all the required data, and these entities provided the Ministry of Energy and Mineral Resources and the Energy Sector Regulatory Authority with the final report, and no resolution has been made up to date by the Government regarding the final commission value that reflects the rate of return on investment of 12% annually according to the above-mentioned Council of Ministers' Resolution No. (7633). In this regard, the Company is still negotiating with the Government to reach an agreement regarding the final commission amount.

11. The rental value of the assets transferred from the Company to Jordan Petroleum Products Marketing Company (JPPMC) shall be calculated according to the Land and Survey Department's approved rate of (8 %) on the land and buildings valued at JD 4.9 million from these buildings transfer date up to date. Moreover, the Company insists on rejecting the above clause, as the transferred assets are owned by Jordan Petroleum Refinery Company under the concession expiry agreement which stipulated that the stations are owned by Jordan Petroleum Refinery Company and that they are transferred to the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company. In addition, the Company has the right to dispose of its assets legally pursuant to Article (236) of the Civil Law. Meanwhile, the assets were transferred at their net book value in the same manner assets were transferred at their net book value to other marketing companies under the agreement signed between the three marketing companies and the Ministry of Energy and Mineral Resources. Moreover, the concession expiry agreement stipulated that the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company applies to other marketing companies. As a result of the negotiations between the Company and the Government, it was agreed that the Ministry of Finance would recommend to the Council of Ministers cancellation of this item, and accordingly, the Council of Minsters issued Resolution No. (1080) in its meeting held on January 24, 2021, which included considering this item as cancelled from the Council of Ministers' Resolution No. (7633), taken in its meeting held on April 30, 2018, and not claiming from the Jordan Petroleum Refinery Company a rent allowance for the assets transferred to the Jordan Petroleum Products Marketing Company (a subsidiary company).

- In implementation of the Council of Ministers' Resolution No. (11110), taken in its meeting held on August 16, 2015, and the Resolution of the Company's General Assembly, taken in its meeting held on November 8, 2012, the land swap between Aqaba Special Economic Zone Authority (ASEZA) and Jordan Petroleum Refinery Company took place during September 2019. In the swap, (ASEZA) ceded (6) plots of land of an area of (442) acres to Jordan Petroleum Refinery Company. In return, the Company ceded its own plot of land No. (23), Parcel (13), Tract (13) of an area of approximately (88) acres, located within the southern port tract to (ASEZA).

Other concessions for refining and gas activity

- According to the Council of Ministers' Resolution No. (5329), taken in its meeting held on July 10, 2019, which included approval for the assignment of the Jordan Petroleum Refinery Company to implement the terms of the Memorandum of Understanding for the processing and transportation of crude oil between the government of the Republic of Iraq and the government of the Hashemite Kingdom of Jordan, the Company signed the agreement, on August 1, 2019. The Company also issued a documentary credit in favor of the Central Bank of Iraq to cover the value of the amount of 10 thousand barrels per day throughout the year according to the monthly average price of a barrel of Brent crude oil minus USD 16. Moreover, the quantities of Iraqi oil were supplied at the end of August 2019. According to the minutes of meeting signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources, and the Jordan Petroleum Refinery Company on March 10, 2020, the balances and accounts of Iraqi crude oil were reconciled until December 31, 2019. Likewise, according to the minutes of meeting signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources, and the Jordan Petroleum Refinery Company on June 30, 2020, the balances and accounts of Iraqi crude oil were reconciled up to April 30, 2020. In addition, the supply of Iraqi oil stopped during May and June of 2020 due to low international prices, but resumed on July 1, 2020, and terminated by the end of November 2020. The Iraqi oil balances and accounts were reconciled until the expiry date of the current bid according to the minutes of meeting signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources, and the Jordan Petroleum Refinery Company on December 20, 2020. The Government is still negotiating with the Iraqi Ministry of Oil regarding the signing of a new supply agreement.

- In accordance with the Council of Ministers' Resolution No. (6953), taken in its meeting held on March 19, 2018, approval was obtained on exempting the quantities of gasoline (95) used in the production of gasoline (90) and (95) of the quantity (2,360,253) tons from the general and special sales tax for the period from May 1, 2013 until September 30, 2017. The resolution shall include any amount of gasoline (95) used in the mixing process for the production of gasoline (90 and 95) until the end of the financial relationship between the Government and the Jordan Petroleum Refinery Company. Moreover, the pending customs statements were processed at the Jordan Customs Department during July 2020.

- In its meeting held on January 3, 2016, under Resolution No. (13363), based on the recommendations of the Economic Development Committee in its meeting held on December 22, 2015, the Council of Ministers approved exempting the Company from general and special sales tax effective from May 1, 2013 on its imports related to the quantities sold to the marketing companies, provided that the general sales tax and special sales tax thereon are paid by those companies within the pricing structure of IPP. Moreover, the customs statements were processed at the Jordanian Customs Department during July 2020.

- The Income and Sales Tax Department's Letter No. (20/4/347) was received on February 16, 2021, and included the Department's approval to collect taxes on the Jordan Petroleum Refinery Company's sales to the three marketing companies through the marketing companies only. The letter also stated that the Jordan Petroleum Refinery Company is not obligated to pay taxes on its sales to the marketing companies. However, it is only obligated to pay tax on its sales to other customers.

The Market Share of Refining and Gas Activity:

The production at Jordan Petroleum Refinery Company of petroleum products is approximately (47%) of the local market's demand , in addition to that it is the only company in the Kingdom that is filling gas cylinders and covering all the Liquefied needs (LPG).

The Jordan Petroleum Products Marketing Company:

a. Jordan Petroleum Products Marketing Company (JPPMC) was established on February 12, 2013 with total assets of its own and of its subsidiaries of JD 322,450,338, while its total liabilities and those of its subsidiaries amounted to JD 239,955,649 as of December 31, 2020. The Company's consolidated losses amounted to JD (3,316,556), with non-controlling interest of JD 48,112, as of December 31, 2020. Moreover, the Company has started operating gradually since May 1, 2013, and part of Jordan Petroleum Refinery Company's distribution activity assets have been transferred at their net book value to JPPMC (a subsidiary company). The said transfer was mandatory to transfer the distribution activity to JPPMC. In addition, some employees of Jordan Petroleum Refinery Company have been assigned to work for JPPMC, which shall bear their employment costs. In the meantime, the task of providing consumers with oil derivatives has been transferred to JPPMC, except for asphalt, fuel oil, and gas clients, and some oil clients of security authorities. The required legal procedures to conclude the assets ownership transfer to JPPMC were completed.

b. Jordan Petroleum Products Marketing Company distributes finished petroleum products in accordance with international and local standards set by Jordan Standards and Metrology Organization according to the approved standard.

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

d. Jordan Petroleum Products Marketing Company's authorized and paid-up capital is JOD (65) million.

e. According to the Resolution of the Council Ministers, in their Letter No. (58/11/1/26041), dated September 30, 2012, it was agreed to grant Jordan Petroleum Products Marketing Company (a subsidiary) a license for operating and distributing oil derivatives. The value of the license was determined to be JD 30 million. Moreover, the Company shall pay the first installment, and the remaining balance shall be paid in five equal annual installments. In this regard, the Company paid the last installment during the year 2018. Moreover, the Company amortizes the license over 10 years, starting from the commencement date of its operations on May 1, 2013, based on the agreement signed with the Ministry of Energy and Mineral Resources on February 19, 2013. The agreement is renewable.

f. The marketing company operates through direct sales to its customers such as direct customers, companies, ministries, public and governmental departments and establishments and security departments through its stations and subsidiaries. Noting that it is supplying a number of (372) stations with Oil products under the marketing license granted to it by the government. Its share in the market reached 40% of local market.

g. The subsidiary (Jordan Petroleum Products Marketing Company) owned by Jordan Petroleum Refinery Company on December 26, 2018, acquired all of the shares of Hydron Energy Company LLC.

Lubricating Oils (Jopetrol):

a. The company established Lubricating Oils plant in 1977, where the plant's products share is equivalent to (45%) of the local market. The plant also exports some products to Iraq, Chad, Palestine, Georgia, Lebanon and Sudan, and is currently opening new markets for export relying on the high quality of its products.

b. The Lube Oil is manufactured under the brand name (Jopetrol), where it produces more than (100) varieties of lube oils for various uses to meet most of the Kingdom's needs of this material of various kinds based on a high quality.

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

c. The Laboratory obtained the ISO 17025:2017 certification by the Accreditation Authority - Standards and Metrology Organization, which is the official authority for certification in Jordan on behalf of the International Accreditation Authority (International Laboratory Accreditation Cooperation ILAC), this achievement comes after the Jopetrol Laboratory applied the international quality standards in the examination of lube oils, and this is a pride for the Jordanian industry and a strong incentive to launch to the external markets and raise the level of its performance and improve its services and confirm its commitment to international specifications and standards.

d. Jordanian Quality Mark Certificate was renewed for lube oils (Perfect 2000 grade 20W/ 50) and (Super Diesel Oil 16 grade 15W/ 40) and (Perfect 6000 grade 20W/ 50) after completing all 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.

e. Mercedes Benz a certificate was obtained for using both its Super Diesel 16 lube oil grade 15W/40 and Extra synthetic lube oil grade 5W/30 in Mercedes Benz engines, in addition to approval certificates from M.A.N and Mercedes for using Jopetrol Super Synthetic oil grade 10W/40 in both manufacturers' engines.

f. Lube Oil Plant testing Laboratory has obtained five Certificates of Excellence for its participation in the interdisciplinary studies/ Netherlands programs along with other international laboratories on examining samples of engine oils (new and used), base oils, gear oils and hydraulic oil.

g. The company maintained the (ISO 9001: 2015) certificate after five audit visits were applied by the certification company - Lloyd's Register.

h. A new type of oil has been introduced (Jopetrol Cutting Oil), which is used for cooling in the processes of cutting and shaping metals and others.

i. The design of lube oil containers has been improved to a more attractive designs that are in line with the requirements of the local and foreign markets and to reduce fraud attempts. The new designs have been registered in the Amman Chamber of Industry.

Second:Investments of the parent company and its subsidiaries

1.The Mother Company owns as of December 31, 2020 directly and indirectly the following subsidiaries:

Company's Name	Authorized capital	Ownership	Location	Date of establishment	Note
	JD	%			
Jordan Petroleum Products Marketing Company	65,000,000	100	Amman	February 12, 2013	Operating
Hydron Energy LLC	5,000,000	100	Amman	April 29, 2003	Operating
Jordan Liquefied Petroleum Gas Manufacturing and Filling Company (paid 50%)	4,000,000	100	Amman	May 28, 2008	Non-operating
Jordan Lube - Oil Manufacturing Company (Paid 50%)	3,000,000	100	Amman	May 28, 2008	Non-operating
AL-Nuzha and Istiklal Gas Station for Fuel and Oil Company	5,000	60	Amman	January 8, 2014	Operating
Al-Markzeya Gas Station for Fuel Trade Company	10,000	100	Amman	May 28, 2014	Operating
Al-Karak Central Gas Station for Fuel Company	5,000	60	Al Karak	November ,26 2014	Operating
Al-Khairat for Fuel Company	5,000	100	Al Karak	November ,11 2014	Operating
Rawaby Al-Queirah Gas Station for Fuel and Oil Company	5,000	60	Al Aqaba	June 22, 2015	Operating
Al-Aon for Marketing and Distribution Fuel products Company	1,005,000	60	Amman	January 10, 2016	Operating
Jordanian German for Fuel Company	125,000	60	Amman	October 8, 2015	Operating
Qaws Al-Nasser for Fuel Stations Management Company	3,000	100	Irbid	December 29, 2014	Operating
Al-Tariq Al-Da'ari Gas Station for Fuel Company	5,000	60	Amman	June 10, 2015	Operating
Al Kamel Gas Station for Oil and Fuel Company	5,000	60	Amman	February 26, 2017	Operating
Al-Wadi Al-Abiad Gas station for Fuel Company	5,000	60	Amman	August 4, 2015	Operating
Al-Muneirah Gas Station for Fuel and Oil Company	5,000	100	Amman	November ,6 2014	Operating
Al-Tanmwieh Al-A'ola Gas Station for Fuel Company	5,000	60	Amman	November 19, 2015	Operating
Al Qastal Gas Station for Oil and Fuel Company	5,000	60	Amman	June 19, 2017	Operating
Taj Amon Gas Station for Fuel Company (Paid 50%)	5,000	80	Amman	September 20, 2017	Operating
Al Shira' Gas Station for Fuel and Oil Company (Paid 50%)	5,000	95	Aqaba	February 19, 2017	Non-operating - under renovation
Al-Failaq Gas Station for Fuel and Oil Company (Paid 50%)	5,000	60	Amman	July 7, 2020	Non-operating - under renovation

2.The value of non-controlling interests' in the net equity of the subsidiaries as of as of December 31, 2020:

Company's Name	Non-controlling interest rate	Non-controlling share of net profit (loss)	Non-controlling share of net assets
	%	JD	JD
Al-Nuzhah and Istiklal station for Fuel and Oil Company	40	112,172	1,081,301
Al-Karak Central Gas station for Fuel Company	40	67,009	605,384
Rawaby Al-Qwirah Gas Station for Fuel and Oil Company	40	73,001	783,628
Al-A'on for Marketing and Distributing Fuel and Oil Company	40	(388,373)	179,490
Jordanian German for Fuel Company	40	4,813	615,337
Al-Tariq Al-Da'ari Gas Station for Fuel Company	40	(7,323)	425,972
Al Kamel Gas Station for Fuel and Oil Company	40	248,151	1,177,123
Al-Wadi Al-abiad Gas Station for Fuel Company	40	20,424	608,283
Al-Tanmwieh Al-A'ola for Fuel Company Gas Stations	40	(26,917)	1,152,454
Al Qastal Gas Station for Fuel and Oil Company	40	(6,841)	437,823
Taj Amoun Gas Station for Fuel Company	20	24,619	1,547,669
Al Shira' Gas Station for Fuel and Oil Company	5	(102)	88,892
Al-Failaq Gas Station for Fuel and Oil Company	40	(72,521)	434,240
		48,112	9,137,596

3.The Company owns the following shares (financial assets at fair value) as of December 31, 2020

Listed Shares	Number of shares	Value in JOD
Jordan Electricity Company	713,174	862,941
Safwa Islamic Bank	256,516	359,122
Arab Potash Company	47,300	993,300
Jordan Paper and Cardboard Factories Company	33,300	1,998
Public Mining Company	27,500	23,100
Palestine Development and Investment Company	28,060	15,517
Al Motarabita Investment Company	128,259	1,283
		2,257,261

Third: Summary of the company's activities, the nature of its business and its field of activity:

a. Refining: This sector separates and transfers the components of imported crude oil into a variety of oil products depending in most of its operations on licensing from UOP Company (USA).

b. Importing: Saudi Aramco is considered the main supplier of crude oil, also (10) thousand barrels per day of crude oil are imported from Iraq in accordance with an agreement signed between the Governments of the Hashemite Kingdom of Jordan and the Republic of Iraq. Finished oil products and LPG are imported through bidding the Jordan Petroleum Products Marketing Company and Jordan Petroleum Refinery Company.

c. Distribution: Distribution is the link between the production and refining activities inside the company, in one side, and all the customers in different locations in the Kingdom. It is responsible for meeting all customers' requests of oil products and LPG. (Jordan Petroleum Products Marketing Company - a subsidiary company - mainly carries out this activity).

d. Transportation: Crude oil and LPG are transported to the company's various locations through local transportation companies through bidding. All types of finished oil products are transported to all customers in different regions of the Kingdom through the Jordanian Petroleum Products Marketing Company (a subsidiary company) and local transportation companies by bids.

e. Storage: The Company stores crude oil, finished oil products and LPG in tanks belonging to the company at the refinery / Zarqa site, Aqaba Depot, Airports and LPG Filling Stations.

f. Lube Oil Manufacturing and filling: This sector includes manufacturing mixing, blending and filling of several types of lube oils required by the local and foreign markets (through Lube Oil Blending Plant).

g. Liquefied Gas Industry and cylinders filling: This sector includes the production and filling of liquefied petroleum gas (LPG), LPG cylinders maintenance and repair as well as filling with LPG at the three Company's LPG filling Stations (at Zarqa, Amman and Irbid).

h. Aviation fuel supply: The Company manages the refueling of aircrafts at the three airports (Queen Alia International Airport, Amman Civil Airport, King Hussein International Airport / Aqaba).

i. Export: The company exports the surplus of its products of fuel oil 3.5% and some finished oil products. The Lube oil blending plant also exports part of its products to some external markets in order to open new markets for its products, depending on high quality of its products.

Fourth: Future Plan:

After the Spanish contractor Tecnicas Reunidas finished preparing the FEED documents based on the documents of the owners of refining technology companies KBR and UOP of the United States, as well as after contracting with SCB to work as a financial advisor with the intention of attracting investors and financiers for the project and contracting with Freshfields to work as an international legal advisor, Technip Company (British Branch) was contracted, during June 2020, to manage the refinery expansion project, prepare the qualifying conditions for the execution contractors, evaluate contractors' offers, choose the most appropriate candidates, as well as supervising the project's implementation. Meanwhile, Technip Company has completed the
pre-qualification stages for the implementation and financing contractors and the selection of the qualified ones in coordination with all the consultants. Moreover, the bidding documents for the establishment of the project have been sent to these contractors, and their proposals will be received by mid-July 2021.

In addition, JPRC is currently appointing Ernst & Young and Wood Mackenzie to prepare reports on which investors and financiers can rely as regards the accounting and commercial aspects, in order for them to assess their participation in the project and take the appropriate decision regarding their participation in financing.

AON Company has also been appointed as an insurance advisor for the fourth expansion project to cover aspects related to policies, programs, and insurance requirements for the project to meet the requirements of the financiers and investors. In addition, ECO and WKC have been assigned to work as an environmental expert (as they prepared an environmental assessment study for the project). The said companies have prepared a gap study to assess the environmental and social impact of the project, and they will prepare the terms of reference in coordination with the

Ministry of Environment to cover all activities of the refinery (refining activity, liquefied gas activity, petroleum products marketing company activity and Lube-oil activity) in order to meet the requirements of investors regarding the inclusion of all the company's activities in the study. In this context, there is a plan for completing the selection of the contractor to be contracted with, no later than the fourth quarter of 2021, where the implementation of the project will begin after the completion of the works related to the financial closing, which is expected to be reached during the year 2022.

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

Given that the crude-oil-producing countries, also known as OPEC+, did not reach an agreement on reducing production during March 2020, which was also accompanied by the Corona virus pandemic, the crude oil and finished oil derivatives' prices were negatively affected due to the increase in supply and decrease in demand and the finished oil derivatives' prices were negatively also affected globally and locally due to the lack of demand, as well as the decrease in demand caused by the change in social behavior resulting from the curfew applied in the Kingdom and different countries around the world. The demand for finished oil derivatives in the Kingdom was also affected, specifically, during the period from March 18, 2020 until the end of May 2020, as a result of the Kingdom-wide curfew. Moreover, the Jet-fuel sales are still being affected due to the precautionary measures to prevent the spread of the Corona Virus implemented by countries on the movement of aircraft and transportation between countries.

The decline in the international prices of crude oil and finished oil derivatives during the year 2020 led to a decrease in the value of the Company's inventory, as the Company evaluates its inventory at cost or realizable value, whichever is lower, in accordance with the International Financial Reporting Standards. This matter caused the Company to incur losses resulting from the decrease in the value of its inventory at the end of the year compared to the value of its inventory at the beginning of the year, despite the fact that the Company maintained its inventory quantities in a manner that would make up for the future losses arising from its inventory devaluation. Accordingly, the Company reduced all its costs to the minimum possible during the year 2020 and its will continue applied the same policy for the year 2021 and after that date, and during the year 2020, it imported the equivalent of four million barrels of crude oil at very low prices. This greatly alleviated the impact of the decline in the value of its inventory resulting from the decline in international prices of crude oil and oil derivatives. The company also imports shipments of Saudi crude oil with a high content of gasoline, kerosene and diesel and a low content of heavy fuel oil to maximize the refining activity revenues.

In light of the recovery of crude oil prices and oil derivatives as a result of the crude oil producing countries reaching an agreement to reduce their production, and as a consequence of the return to normal life in light of the world adaptation to coexist with the Corona virus pandemic, the Company hopes to recover the losses it incurred in the year 2020 during the subsequent financial periods.

Jordan Petroleum Products Marketing Company continues its activities of establishing new gas stations in various regions of the Kingdom. The following gas stations have been established since the beginning of the current year 2020 under the management of JoPetrol: Taj Ammon Gas Station/Istiklal Street; Al-Etan Gas Station/Al-Mafraq; and Al-tanmaweyeh Althania Gas Station/opposite the Ministry of Foreign Affairs and Expatriates. Moreover, the following gas stations have been established since the beginning of the current year under Hydron Energy Company management: Al-Kharabsheh Al-Harameen Gas Station/Sports City; Abu Aqoula Gas Station/Al-Ruwaished; Al-Zoubi Gas Station/Al-Baqa'a; Al-Dibs Gas Station/Sahab; Hararah Gas Station/Maan; Al Awadi Gas Station/ Al Mafraq; Al Awadi Gas Station/Al Aghwar; and Al Suroor Gas Station/ Al Mafraq.

Despite the exceptional circumstances witnessed by the global economy and the Hashemite Kingdom of Jordan stemming from the Corona virus pandemic since the beginning of the year 2020, in general, and the pandemic's impact on the Jordan Petroleum Products Marketing Company's activities, particularly, the sharp decrease in sales during the complete lockdown period, decreased consumption of finished oil derivatives from sectors affected by the pandemic such as airports, the repeated decline in world prices of oil derivatives for consecutive months, and the failure of the prices to return to their previous position, JoPetrol continues along the path of development and expansion and will open and manage the following gas stations by the end of the year 2021: Al-Hayat Tower Gas Station/Al-Qwaira; Al-Luzi Gas Station/Jubeiha; Al-Tareeq Al-Khalfi Gas Station/Aqaba; Al-Sakka Gas Station/100th Street; Al-al bayt University Station; Al Jaloudi Gas Station / Radio Area Khrais Gas Station/Irbid; Sakhr Al-Sukhour Gas Station / Giza; Al-Jundi Station / Zarqa; Sokhna Station; Al-Hourani Station / Radio Area; Al-Enaizat Station / Abu Nseir; and Al-Halles Station/ Al-Quwirah. Moreover, the Company will renovate older gas stations.

The Jordan Petroleum Products Marketing Company is also attracting solutions for digital transformation in the field of information systems through the implementation of the infrastructure development project for the company's main data center from servers and main and backup data processing units with the latest international technology.

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

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

Moreover, the human resources self-service system has been activated. As such, all employees' inquiries and requests are conducted electronically through smart applications. In addition, the technical support system has been activated for the Company's internal departments.

During the year 2021, it is planned that the Company will obtain international quality certificates in managing the quality of services and products, occupational health and safety systems, and environmental management systems with the highest internationally approved standards and intensify training for all employees on the latest occupational health and safety management systems, provide them with all necessary equipment, and apply the latest systems in the protection of facilities against theft and risks.

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

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

The Company will continue to attract aviation clients to supply them with
Jet-fuel through the Queen Alia Airport, King Hussein Airport, and Marka Airport. Moreover, the Company will continue to expand new gas stations established by their owners and to sign supply contracts with them. The Company will also continue the strategy of increasing the number of gas stations owned by others to be either managed by JoPetrol or by Hydron Energy Company.

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

As part of the factory's renovation plan, work is under way to purchase and install a new production line to fill (1) liter packages and the tender is offering, and it is still under evaluation.

Under the cost reduction plan, work is under way to purchase and install a mixing system for some of the additives as the tender is offering, in addition to expansion in importing of bulk additives in flexible tanks with a size of (20) cubic meters.

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

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

Fifth: Analysis of the Financial Position and Outcome of Activities in 2020

The decline in the prices of crude oil and finished oil derivatives during the year 2020 related to Corona virus Pandemic led to a decrease in the value of the Company's inventory, as the Company evaluates its inventory at cost or realizable value, whichever is lower, in accordance with the International Financial Reporting Standards. This matter caused the Company to incur losses resulting from the decrease in the value of its inventory at the end of the year compared to the value of its inventory at the beginning of the year around JOD (96) million, as the valuation decline rate of oil's and oil derivatives' prices stored in the company between year (2019-2020) ranged between (19% and 30%). Accordingly, the Company reduced all its costs to the minimum possible during the year 2020, and during the year 2020, it imported the equivalent of four million barrels of crude oil at low prices. This greatly alleviated the impact of the decline in the value of its inventory resulting from the decline in international prices of crude oil and oil derivatives.

In the year 2020, the average purchase price per barrel of crude oil was around USD (40.96) compared to about USD (66.51) in the year 2019, meaning a decrease of USD (25.55) per barrel, or a decrease of about (38%). In addition to the significant decline in the prices of all finished oil derivatives between the two years due to the pandemic.

a. Consolidated Income Statement

The Following is a concise analysis of the consolidated income statement for the year 2020 as compared with 2019:

1.Net Sales:

Comparing the company sales for year 2020 with year 2019, the Company sales value decreased from JOD (1.463) billion in 2019 to JOD (957) million in 2020 representing a decrease of JOD (506) million. This decrease in sales by (35%) is due to the decrease in sales quantities and prices as a result of the Coronavirus pandemic and its consequences, as the quantities decreased due to the curfew measures applied in the Kingdom. The prices of finished oil derivatives decreased significantly due to the drop in crude oil and finished oil derivatives prices globally, due to the increase in supply and decrease in demand due to the Corona virus pandemic.

2.Cost of sales

The cost of sales decreased from JOD (1.345) billion in 2019 to JOD (921) million in 2020 representing a decrease of JOD (424) million or (32%) due to the decrease in the imported crude oil and imported finished oil products purchased quantities, and the decrease in its prices due to the drop in crude oil and finished oil derivatives prices globally, due to the increase in supply and decrease in demand due to the Coronavirus pandemic.

3. Expenses:

The Industrial costs decreased to JOD (51.6) million in 2020 compared with JOD (73.5) million in 2019 representing a decrease of JOD (21.9) million or (30%) as a result of the measures taken by the company to reduce costs to the minimum possible. Production dropped and imports of finished oil products by the Jordan Petroleum Products Marketing Company (a subsidiary company) also dropped.

As for the selling, distribution, and transportation expenses, there was a decrease from JOD (53.7) million in the year 2019 to JOD (50.8) million in 2020, representing a decrease of JOD (2.9) million or (5%) as a result of the measures taken by the company to reduce costs to the minimum possible and the decrease of sales quantities.

Whereas, general and administrative expenses increased from JOD (12.6) million in 2019 to JOD (13) million in 2020 representing an increase of JOD (400) thousands or (3%). This increase is due to the donations made by company to the Government Authorities to confront the Corona virus pandemic in the amount of JOD (2.2) million. Without this exceptional donation there would have been a decrease in the general and administrative expenses by an amount of JOD (1.8) million, or (14%).

Value of Bank interests on loans in 2020 decreased by JOD (19.2) million, with a rate of (46%). In year 2020, bank interests was JOD (22.5) million compared with JOD (41.7) million in 2019, due to payment of part of the Government receivables during the month of October 2019, the borrowing interest rates by the company also dropped.

b.The Consolidated Statement of Financial Position

A comparison of the financial position figures for 2020 with 2019 indicates that the total financial position decreased from JOD (1.291) billion to JOD (1.094) billion, showing a decrease of JOD (197) million.

Following is a concise analysis of Consolidated Statement of Financial Position items as on 31 December 2020 compared with 2019:

1.Current Assets and Liabilities

Current assets value decreased by an amount of JOD (199) million, especially the item of debtors and other debit balances, which decreased by about JOD (91) million between the two years, as a result of reducing receivables owed by the Ministry of Finance and Government and Security Authorities by conducting financial settlement between amounts owed to the company by the Ministry Finance, Government and Security Agencies, and sums owed to the Government from the company, based on the approvals of the settlement committee formed by Government. Cash in hand

and banks decreased by around JOD (8) million, and the item of crude oil, finished petroleum derivatives and supplies decreased by about JOD (100) million as a result of differences in price evaluation of the end of the period inventory due to the decrease of crude oil and finished oil derivatives prices as a result of the Corona virus pandemic. And the non-current assets of the company increased by around JOD (2) million between the two years.

Company's current liabilities decreased in 2020 by around JOD (160) million compared to the year 2019, due to the decrease in the item of creditors and other credit balances by about JOD (252) million compared between the two years as a result of the financial settlement operations that took place between amounts owed to the Government by the company and amounts owed to the company by the Ministry of Finance, Government and Security Agencies, and shipments of crude oil and finished petroleum derivatives were paid to external suppliers during the year. This was offset by an increase in the item of creditor banks by about JOD (108) million. And the income tax provision decreased by around JOD (7) million. The item of liabilities that resulted from owning a subsidiary company decreased by around JOD (9) million.

The value of the company's non-current liabilities decreased by JOD (6) million, as a result of the decrease in the clause of leasing obligations for the non-current portion by JOD (5) million and the decrease in the amount required for the death, compensation and end-of-service benefits fund, equivalent to JOD (1) million.

2.Owners' Equity

Owners' equity decreased from JOD (238.2) million in 2019 to JOD (206.8) million in 2020 representing a decrease of JOD (31.4) million, as a result of distributing cash dividends by the company for the year 2019 from retained earnings of JOD (17) million during the year 2020, and also due to the losses in 2020.

c. The Effects of these Changes on the Financial Position (Consolidated Cash Flow Statement):

Cash in hands and banks decreased from JOD (21.9) million in 2019 to JOD (14) million in 2020 with a decrease of JOD (7.9) million, since that net cash from operating activities reaching JOD (65.2) million, and the net cash from investing activities amounting to JOD (27.1) million and the net cash flows from financing operations amounting to JOD (84.4) million.

Sixth: Company's 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 exchange risk.

a.Capital Risk Management:

The company manages its capital to ensure its ability to continue and maximize returns to shareholders by optimizing the balance between equity and debt. There has been no change in the company's policy since last 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 has a policy of dealing with creditworthy counterparties in order to mitigate the risk of financial losses arising from non-fulfillment of obligations.

c. Credit Risk :

Credit risk is the risk of the party failing to meet its contractual obligations causing losses to 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 debtors and other receivables, financial assets at fair value through statement of comprehensive income, cash and cash equivalents do not represent important concentrations of credit risk. Also debtors are widely distributed among the custumers' ratings and geographic regions. Strict credit control is maintained over the credit limits granted to each customer separately and on a continuous basis, and a provision is taken for the expected credit losses.

All of the Company's equity 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:

	2020	2019
	JOD	JOD
5% Increase	112,863	114,732
5% (Decrease)	(112,863)	(114,732)

d. Market Risk :

Market risk is a loss in value resulting from changes in market prices such as interest rate, foreign currency exchange rate, prices of equity instruments and therefor change the fair value of cash flows of financial instruments within and outside the consolidated balance sheet.

1. Currency Risk :

The Company's main operations 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:

	2020	2019
	JOD	JOD
Assets - US Dollar	648,253	666,140
Liabilities - US Dollar	466,009,132	434,330,947

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

2. Interest Rate Risk :

IInterest rate risk is the risk of change in the value of the financial instrument due to changes in market interest rates.
The company manages its exposure to interest rate risk on an ongoing basis, and 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. The sensitivity analysis is determined below in accordance with the exposure of interest rates relating to the creditors banks at the date of 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 managements' evaluation of a possible and accepted change in the market interest rate:

	2020	2019
	JOD	JOD
0.5% Increase	2,899,375	2,360,210
0.5% (Decrease)	(2,899,375)	(2,360,210)

Seventh: Achievements and Activities of the Company

1. Import:

a. Crude Oil.

Quantities of crude oil imported by the Company site in Zarqa during 2020 amounted to (2,074,305) tons against (2,321,934) tons in 2019, showing a decrease of (247,629) tons or (11%).

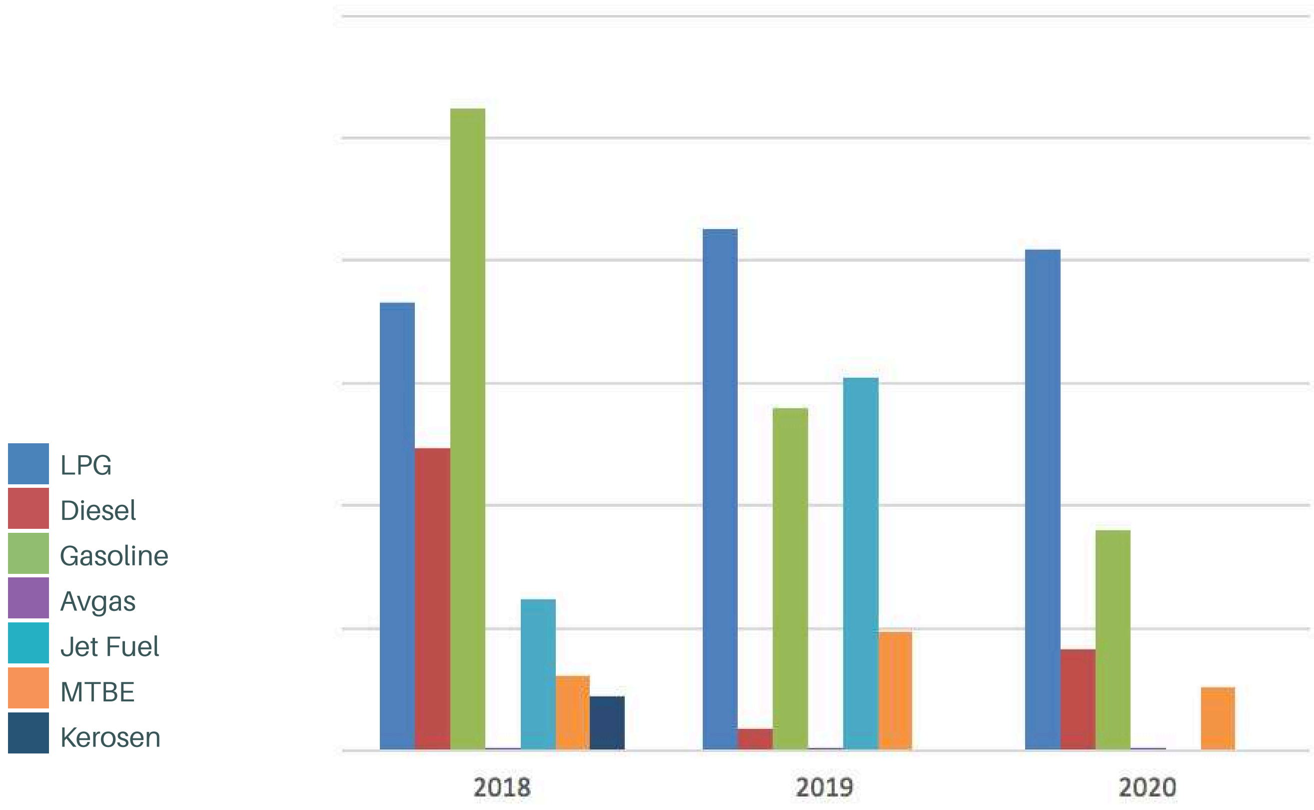
b.Finished Petroleum Products:

The Company refines imported crude oil by separating and converting its components into a variety of finished petroleum products, under license for most of its processes & operations from UOP Company – USA.
The Company pursues an annual optimum production policy to determine the quantities of production of each oil derivative, and quantities of finished petroleum products that should be imported, aiming to achieve the maximum possible savings where the company is no more obliged to provide the needs of the market with finished oil products in light of allowing the marketing companies to import these products following the termination of the financial relationship between the Government and the Company on April 30, 2018 with the issuance of decision No. 7633 by the Council of Ministers taken in its meeting dated April 30,2018 as the company has since been operating on commercial basis.

- Finished petroleum products quantities imported during 2020 amounted to (724,283) tons against (1,284,223) tons imported in 2019, showing a decrease of (559,940) tons (44%). And this decline is due to the Corona virus pandemic and its consequences.

The following table shows finished petroleum products quantities imported in 2020 compared with 2019 and 2018:

Imported Products	Quantities in tons			PPercent increase or decrease 2019/2020
	2018	2019	2020	
LPG	366,362	426,064	408,583	(4%)
Diesel	246,835	176,005	82,756	(53%)
Gasoline	524,517	279,047	180,373	(35%)
Avgas	457	513	628	22%
Jet Fuel	124,073	304,954	-	(100%)
MTBE	60,990	97,657	51,943	(47%)
Kerosene	44,790	-	-	(100%)
Total	**1,368,024**	**1,284,223**	**724,283**	**(44%)**



c. Base Oils

The quantities of base oils imported by the Company during 2020 amounted to (11,992) tons against (14,865) tons in 2019, showing a decrease of (2,873) tons or (19%).

2.Production and Refining:

a.Crude Oil and Finished Petroleum Products

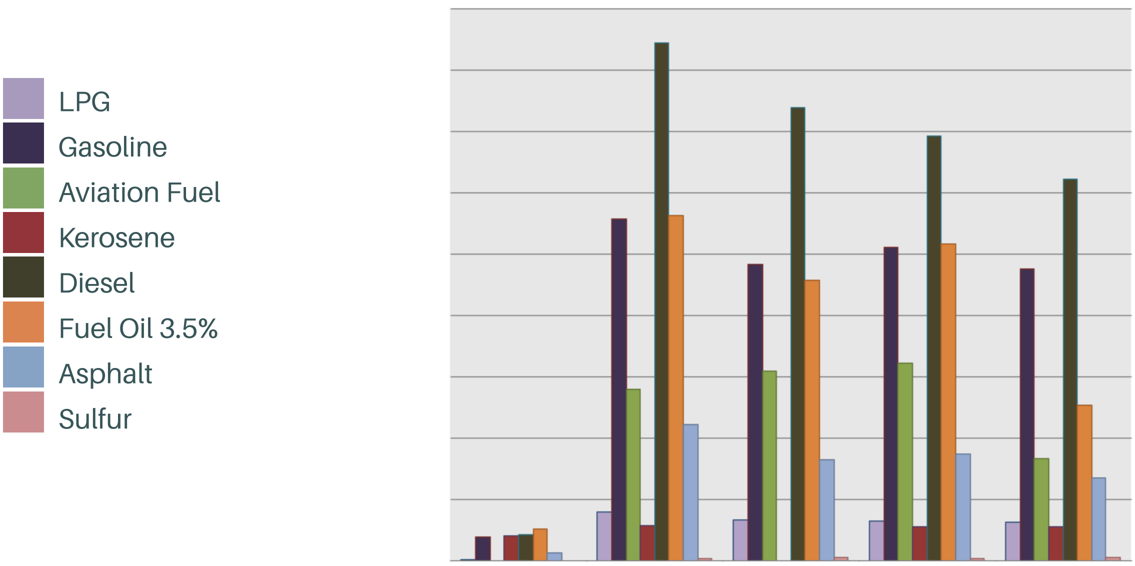
- Starting from May 1st, 2018, the company carry out the production process according to its production policy which aims at realizing an optimal economic balance between crude oil refining operations and finished petroleum products imports to enable the company achieving the maximum possible savings in light of termination of the financial relationship between the Government and the Company on April 30, 2018, where the company is not obliged to provide the needs of the market with the finished petroleum products, and started working on a commercial basis. The Company's production of petroleum products amounted to (1,773,155) tons in 2020 against (2,337,567)) tons produced in 2019, showing a decrease of (564,412) tons or (24%) due to the Corona virus pandemic and its consequences.

- Finished petroleum products are imported and produced according to the permitted specifications and as shown in the future plan that the company considers the Refinery's fourth expansion project one of its most important priorities, where implementation of this expansion will improve specifications of some finished petroleum products to keep up with the specifications followed and adopted globally.

- With regard to competitiveness, the three petroleum products marketing companies started importing diesel in May 2017, as well as importing gasoline 95 in December 2017, and started importing all of the light finished petroleum products -with the exception of LPG- during 2018, Nevertheless, some marketing companies are still buying company's finished petroleum products, and Jordanian Petroleum Marketing Company's share of the local market is estimated at (40%) as the JPRC production volume covers (47%) of the local market needs.

The following table and graph show development of the Company's production of finished products during the years (2017-2020) in ton compared with the base year 1961

Year / Product	1961	2017	2018	2019	2020	Percent increase or decrease 2019/2020
LPG	615	78,399	65,141	64,256	62,570	(3%)
Gasoline	37,179	557,271	483,322	510,128	467,355	(7%)
Aviation Fuel	-	279.447	309,446	321,998	165,179	(49%)
Kerosene	39,620	55,947	-	54,205	54,714	1%
Diesel	41,209	844,466	738,294	693,387	621,583	(10%)
Fuel Oil 3.5%	50,605	563,456	457,799	517,417	253,904	(51%)
Asphalt	11,897	221,823	164,982	174,105	135,010	(22%)
Sulfur	-	2,985	3,707	2,071	3,840	85%
Total	**181,125**	**2,603,794**	**2,222,691**	**2,337,567**	**1,773,155**	**(24%)**



b.Lubricating Oils (Jopetrol):

- The Company produces lube oils under the trade name of (Jopetrol) in more than (100) different multiuse grades to cover local market requirements from various types of lube oils and with high quality.
  Lube oil products comply with the Jordanian specifications, the American Petroleum Institute (API) standards, the Society of Automobiles Engineers (SAE Society of Automotive Engineers) standards, European standards (ACEA), Original Equipment manufacturers (OEM) specifications and the American Army Military standards (Military Standard), and these lube oils are subjected to the most stringent quality control tests carried out in modern specialized laboratories.

- Jopetrol's Laboratory has obtained (ISO 17025: 2017) certificate by accreditation body of Jordan Standards & Metrology Organization (JSMO), which is the awarding authority for certification in Jordan on behalf of International Laboratory Accreditation Cooperation ILAC. This achievement comes after the laboratory has applied international quality standards in the examination of lube oils, and This considered as pride for the Jordanian industry and a strong incentive to enter global markets, raise its level of performance, improve its services, and confirm its commitment to international specifications and standards.

- Jordanian Quality Mark Certificate has been renewed for lube oil products (Perfect grade 20W/ 50) and (Super Diesel 16 grade 15W/ 40) and (Perfect 6000 grade 20W/50) after completion all the requirements as instructed by the Jordanian quality mark No. 4/2007, which includes the conformity of these products with the technical requirements of Jordanian Quality Mark No. 75/2012 relevant to internal combustion engine oils.

- Jopetrol also obtained Mercedes Benz certificate for using (Super Diesel 16 lube oil grade 15W/40) and (Extra synthetic lube oil grade 5W/30) in Mercedes Benz engines, in addition to approval certificates from MAN and Mercedes for using Jopetrol (Super Synthetic oil grade 10W/40) in both manufacturers' engines.

- Lube Oil Plant testing Laboratory has obtained five Certificates of Excellence for its participation in the interdisciplinary studies/Netherlands programs along with other international laboratories on examining samples of engine oils (new and used), base oils, gear oils and hydraulic oil.

- Jopetrol lube-oils maintained ISO 9001-2015 quality management certificate after five audit visits were applied by the certification company - Lloyd's Register.

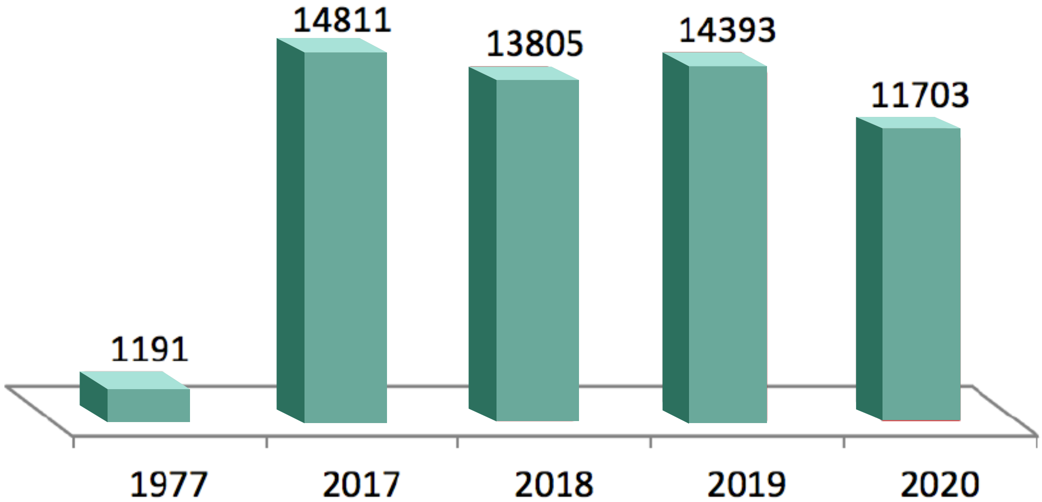
- New Lube oil product (Jopetrol Cutting Oil) was introduced which is used in cutting and forming metals and other materials.

- Containers' design have been upgraded and modified to make them more attractive and in line with the requirements of the local and global markets, and to reduce fraud attempts. The new designs have been registered in the Amman Chamber of Industry

The amount of lube oils produced during the year 2020 reached (11,703) tons against (14,393) tons in 2019, showing a decrease of (2,690) tons or (19%) due to the Corona virus pandemic and its consequences.

The following table and graph reflect the development in lube-oils production during the years (2017-2020) compared with the initial production year 1977

Year / Product	1977	2017	2018	2019	2020	Percent increase or decrease	Percent increase or decrease
lubricating oils	1,191	14,811	13,805	14,393	11,703	(19%)	4%



c.LPG Cylinders

During 2020 a total of (566,417) LPG cylinders were repaired and fixed, also (401,085) cylinder valves were replaced in 2020, in addition (78,916) LPG cylinders of the (12.5) kg capacity were written off. 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 a Commission formed from members representing the Ministry of Energy and Mineral Resources, Civil Defense, Jordan Standards and Metrology Organization 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 JOD (4) million (50% paid) and this company has not yet been activated, even though, pursuant to the Prime Minister's Resolution No. (7633), taken in the Prime Ministry's meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the resolutions reached and prepare a report thereon to the Council of Ministers regarding the setting of the investment return rate on LPG filling stations for the purpose of calculating the commission amount at 12%. The commission amount is also set for the period from May 1, 2018 to December 31, 2018 at JOD 43 per ton to resolve any surpluses or shortages that arise from the increase or decrease in the investment return rate compared to the targeted value in calculating the commission amount of LPG filling stations for the following year, whether upward/downward. This is as such, provided that the above mechanism does not result in any increase in the cylinder's cost to citizens or a subsidy by the Treasury / Ministry of Finance for this activity. Moreover, the Company has already provided the Energy and Minerals Regulatory Commission with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020 which reflect the investment return rate to this activity at 12% annum. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external advisor to determine the commission amount for the years 2019 and 2020. Accordingly, the Company provided the entities that were appointed by the Ministry of Energy and Mineral Resources with all the required data, and these authorities provided the Ministry of Energy and Mineral Resources and the Energy and Mineral Regulatory Commission with the final report. No decision has yet been made by the Government on the final commission amount, which reflects the rate of return on investment at a rate of 12% annually, in accordance with the above- mentioned Council of

Ministers' Resolution No. (7633). In the meantime, the Company is still negotiating with the Government to reach an agreement on the final commission amount.

d.Filling of Asphalt Drums:

The number of drums filled with asphalt and sold in 2020 reached (3055) drums compared to (1757) drums filled and sold in 2019 showing an increase of (1298) drums or (74%).

3. SALES:

a. Finished Petroleum Products

-Finished petroleum products Sales during 2020 reached (2,600,603) tons compared with (3,222,958) tons in 2019, showing a decrease of (622,355) tons or (19%) as a result of COVID-19 pandemic and its consequences, where the sales decreased due to the quarantine procedures that were applied in the Kingdom, especially during the period from the middle of March to the end of May of year 2020. Also, sales of aviation fuel were and are still the most affected in terms of reduced demand, as a result of the preventive procedures taken by the countries all over the world on air transport in order to limit the spread of Corona virus.

A comparison of the company's sales of Finished Petroleum Products sold during 2020 with 2019 indicates the following:

Product	Percentage (%)
Gasoline sales decrease	12 %
Kerosene sales decrease	12 %
White Spirit sales decrease	22 %
Diesel sales decrease	7 %
LPG sales decrease	5 %
Fuel Oil 3.5 sales decrease*	32 %
Jet Fuel sales decrease	55 %
Asphalt sales decrease	23 %
Sulfur sales increase	85 %

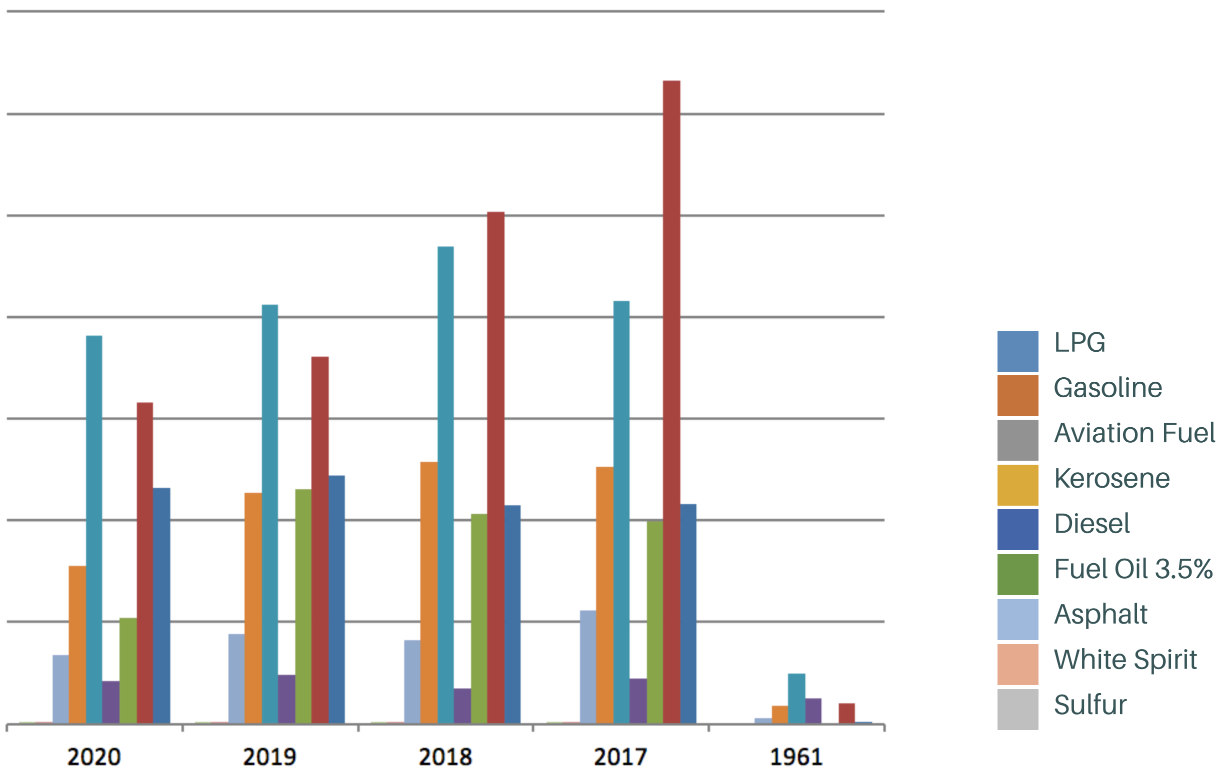
* Noting that a quantity of (161,222) tons of fuel oil 3.5% was exported during the year 2020.

The following table and chart show the volume of the Company's sales of finished petroleum products during the years (2017-2020) compared to the base year 1961 in ton:

Year / Product	1961	2017	2018	2019	2020	Percent increase or decrease
LPG	673	431224	429406	489048	464235	(5%)
Gasoline	39301	1264564	1005731	720562	632600	(12%)
Jet Fuel	-	397344	412176	461896	207683	(55%)
Kerosene	50824	88406	68772	95558	83759	(12%)
Diesel	98428	830118	937372	825085	764168	(7%)
Fuel Oil 3.5%*	36179	505498	514610	452790	309254	(32%)
Asphalt	11101	222019	163928	175428	134657	(23%)
White Spirit	-	854	327	519	405	(22%)
Sulfur	-	2985	4070	2072	3840	85%
Total	**236506**	**3743012**	**3536392**	**3222958**	**2600603**	**(19%)**

*Noting that a quantity of (161,222) tons of fuel oil (3.5%) was exported during the year 2020 compared with (318,470) tons during the year 2019 showing a decrease of (157,248) tons with a rate of (49%).

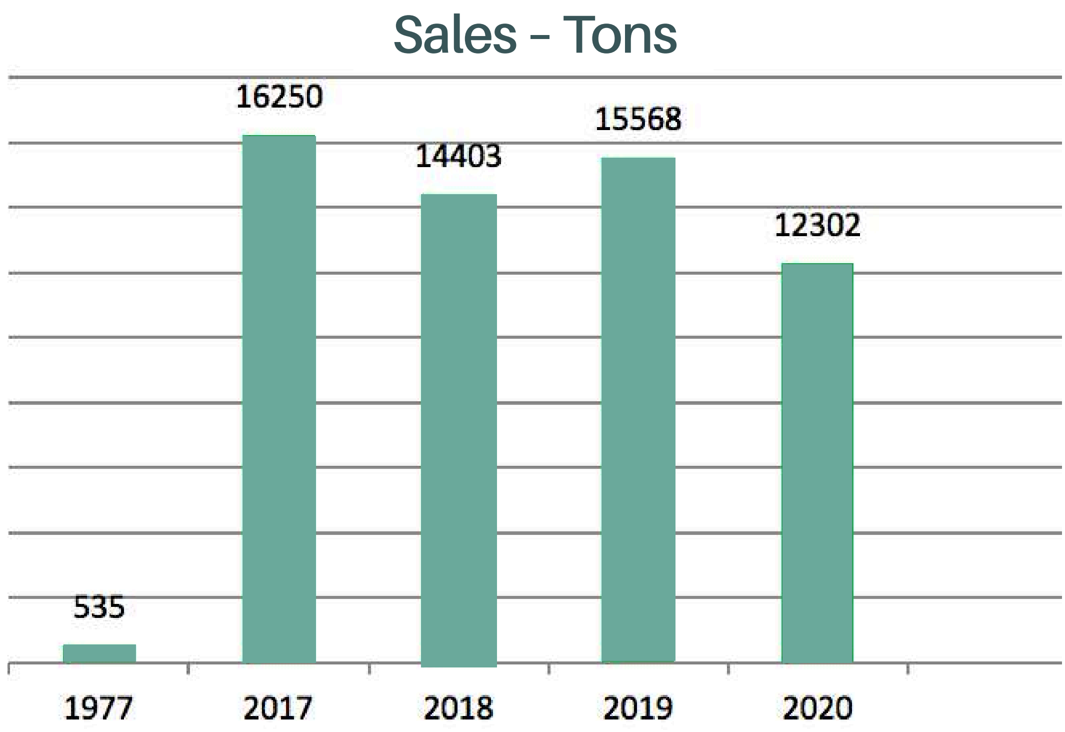
Note: quantity of (208,320) tons of fuel oil, fuel gas, and naphtha is to be added to the above sales figures which were used for steam production and process operation in the Refinery during 2020.



Lubricating Oils Sales (Jopetrol):
Company Sales during 2020 of various grades of lube oil under the trade mark of Jopetrol reached (12,302) tons compared with (15,568) tons for 2019 representing a decrease of (3266) tons or (21%).

The following table and graph show the volume (in ton) of the Lube-Oil sales during the years (2017-2020) compared with the initial production year 1977:

Year / Product	1977	2017	2018	2019	2020	Decrease Percent 2020/2019
lubricating oils	535	16250	14403	15568	12302	(21%)



c. LPG Cylinders Sales:

Sales of new (12.5) kg capacity LPG cylinders during 2020 reached (175,402) cylinders compared to (120,543) cylinders for 2019, showing an increase of (54,859) cylinders. Sales of (50) kg capacity LPG cylinders in 2020 reached (24) cylinders compared with (19) in 2019 showing an increase of (5) cylinders.

The estimated number of (12.5) kg LPG cylinders circulated in the Kingdom during 2020 is (6.39) million cylinders compared with (6.43) million cylinder in 2019.

4.Distribution of Petroleum Products

The Company supplies petroleum products to the three Petroleum Products Marketing Companies which are licensed by the Government, noting that the task of providing consumers with finished petroleum products has been assigned to the Jordan Petroleum Products Marketing Company (a subsidiary company) with the exception of asphalt, fuel oil, and LPG, and some customers form security authorities.

a.Fuel Distribution Stations and LPG Storage Centers, Distribution Centers & Companies:

Total number of fuel distribution stations in the Kingdom owned by Jordan Petroleum Products Marketing Company (JPPMC) (which is wholly owned by Petroleum Refinery Company), and stations supplied by (JPPMC) through agreements reached (372) stations at the end of year 2020.

The number of LPG storage centers in the Kingdom reached (130) centers in 2020 in addition to (110) distribution centers in the southern governorates and (6) Central gas distribution companies located in Amman in 2020, knowing that Jordan Petroleum Refinery Company is the only company that produces and fills liquefied gas (LPG) in the Kingdom.

The following table shows the geographical distribution of the number of fuel distribution stations owned by Jordan Petroleum Products Marketing Company (wholly owned by the Petroleum Refinery Company) and the stations through which fuel is supplied under supply agreements with these stations, the number of LPG distribution centers, the number of LPG storage centers and the central gas distribution companies in each of the governorates of the Kingdom for the year 2020:

Governorate	No. of Fuel Station .	No. of LPG Distribution Centers	No. of LPG Storage Centers	Central Gas Distribution Companies
Capital/Amman	132	-	38	6
Zarka	38	-	16	-
Balqa	24	-	14	-
Madaba	17	-	5	-
Irbid	69	-	31	-
Mafraq	32	-	13	-
Jerash	10	-	4	-
Ajloun	5	-	4	-
Karak	16	65	3	-
Ma'an	17	15	-	-
Tafeela	4	19	2	-
Aqaba	8	11	-	-
Total	**372**	**110**	**130**	**6**

b.LPG Filling:

Filling operations of liquefied petroleum gas are carried out at three LPG filling stations (Amman, Irbid, and Zarqa), the number of LPG cylinders of (12.5) Kg capacity filled in the three filling stations in 2020 reached (33,460,365) cylinders compared with (33,475,154) cylinders in 2019, showing a decrease of (14,789) cylinders. The number of LPG cylinders of (50) Kg capacity filled in the three filling stations in 2020 reached (7,785) cylinders compared with (10,873) cylinders in 2019, showing a decrease of (3,088) cylinders.

c.Aviation fueling stations in Airports:

The Company owns three fueling stations located in Queen Alia International Airport, Amman Civil Airport, and King Hussein International Airport in Aqaba. During 2020, the stations refueled (12,295) flights compared with (37,104) flights in 2019 showing a decrease of (24,809) flight or (67%). The Company also refueled (3,170) flights with Avgas Fuel in 2020 compared to (5,502) flights in 2019, showing a decrease of (2,332) flights or (42%), The reason for this decrease is due to the preventive procedures that countries all over the world on air transport to prevent the spread of the Corona virus.

d. Aqaba Depots

Firstly: Industrial Area/ South Aqaba and Rented Sites:

Industrial Area has a storage capacity of (185,700) tons of crude oil and finished petroleum products, total capacity of rented storage tanks is (5500) tons.

Quantities of crude oil received during 2020 was (1,713,690) tons, LPG quantities received were (408,583) tons, diesel quantities received for the three distribution were (399,247) tons, gasoline quantities received for the distribution companies (109,003) tons, and lube oil quantities in rented storage tanks were (11,992) tons.

Received quantities of finished petroleum products in the industrial area and rented tanks in 2020 were (2,642,515) tons compared to (3,428,788) tons in 2019 with a decrease of (786,273) tons or(23%).

The reason for the decrease is due to the Coronavirus pandemic and its consequences, as the quantities of imports for the company and Petroleum Products Marketing Companies decreased, especially during the quarantine period that was applied in the Kingdom from the middle of March to the end of May 2020.

Secondly: Custody Storage Capacity at the Aqaba Thermal Power Station:

The total storage capacity of these tanks is (195,000) tons, and the exported quantities of fuel oil 3.5% amounted (161,222) tons during 2020 compared to (318,470) tons exported during 2019 showing a decrease of (157,248) tons, or (49%).

Transport of Finished Petroleum Products:

The Company owns a fleet for transportation of finished petroleum products and liquefied petroleum gas consisting of (71) road tankers, (144) tractive units and (158) semi-trailers.
Total transported quantities of different products in 2020 reached (1,611,245) tons compared to (2,300,361) tons in 2019 showing a decrease of (689116) tons or (30%).
The decrease in sales and import quantities is due to Corona virus pandemic and its consequences.

Eighth: Company's Clients and Customers:

a.Finished Petroleum Products and LPG:

The Company supplies all its clients and customers in the Kingdom with their needs of petroleum products, LPG, fuel oil and asphalt. The Company keeps good relationships with its customers and is keen to meet their needs as they are partners of the company's march. The clients belong to various sectors of the society including Government Institutions, Ministries, Security Authorities, Licensed Petroleum Products Marketing Companies, Fuel Distribution Stations, Industrial Companies such as Jordan Phosphate Mines Company and Arab Potash Company, Airline companies such as ALIA's Company (Royal Jordanian Airlines),The Company also supplies National Electric Power Company and Electricity Generation Companies with their needs of finished petroleum products, and supplies LPG Storage Centers and LPG Distribution Centers and Companies with LPG to be distributed all over the Kingdom.

b.Lube Oils (JOPETROL)

The company sells JOPTEROL Lube oils all over the Kingdom. The main customers are the Jordanian Armed Forces, Royal Air Force, Arab Potash Company, Jordanian Phosphate Mines Company, Directorate of Public Security, Directorate General of Gendarmerie Forces, Aqaba Company for Ports Operation and Management and Aqaba Railway Corporation, Alia Company - Royal Jordanian Airlines, the Japan-Jordan Fertilizers Company, the Amman Municipality, and Tawfiq Gargour Company (Mercedes local agent) and many other customers.
Exports to foreign markets are also taking place, including, but not limited to, Palestine, Georgia, Iraq and Chad, and work is ongoing to open other foreign markets.

Ninth : Tenders and Supplies for the Company and Major Suppliers:

The Company's tenders and purchases are governed by a "Supplies and Works by Law" that defines the mechanisms for procurement processes and their powers with accuracy and impartiality, so that awarding is made to the qualified bidders to implement them. The number of tenders and bids that took place during the year 2020 reached a total of (102) as follows:

- (68) Tenders for supplying Petroleum Products, Base Oils, Compressors, Pumps, Laboratory Equipment and various Spare Parts.
- (29) Tenders for various Construction Works.
- (5) Tenders for Sale of Scrap Materials, and Export of fuel oil.

The number of local and foreign purchase orders issued was (970), where the number of local orders reached (560) order or (58%) and a number of foreign orders reached (410) order representing (42%) compared with (1001) foreign and local orders in 2019 representing a decrease of (31) purchase order.

• Major Suppliers:

The Company through the Purchasing Department deals with a large number of suppliers and agents in various countries, in addition to local suppliers.

The following table shows the major suppliers:

Crude Oil	Petroleum Finished Products	Base Oils and Additives	Chemicals	Spare Parts for Vehicles, Tractive units & Semi-trailers	Reactors and Heat Exchangers	Spare parts and supplies for the company's units and other materials
Aramco, Saudi Arabia	Aramco, Saudi Arabia	Luberef Aramco, Saudi Arabia	Innospec, UK	Nissan Diesel, Japan	ATB, Italy	Kosan Crisplant/ Makeen energy - Denmark
SOMO Iraq	Sabic, Saudi Arabia	Lubrizol, UAE	Nalco, UAE	Renault, France	KOCH, Italy	John Crane
	Petredec	Shell, UK	UOP,USA	Osaka, Japan	UTON Romania	Burekhardt Compression
	BP Oil	ADDISOL ENDLESS	Oil DRI	HTB Germany	Man Energy solution	Sulzer pump
	B.B.ENERGY	Exxon Mobil	Kemipex Innovating Solution	Acerbi-Italy	Godrej, India	BLUTEK s.r.l
	Gulf Interstate	Solvochem-Dutch	AFTON	MAN Germany	Dalmin	Tuben Cap s.a
	VITOL	Chevron France	Dow Chemical	Oryx Oman		AYGAZ A.S.
	Litasco	Afton - UK	SUD-CHEMI			Flowserve
	Trafigura	Infineum UK Ltd	Johnson Matthey			ITT Goulds Pumps Co., Ltd
	Shell	PROJEX TRADE	BASF MIDDLE East LLC			HOWDEN THOMASSEN COMPRESSOR B.V
	Total	Taj Al Mulook-UAE				Pumpworks
	SOCAR	Kemipex Innovating Solution				Ingersoll- Rand
						Elliott Group
						Atlas Copco air power n.v
						Anne pl. srl
						Air Pack B.V
						Emerson
						Neuman and Esser gulf fze

B- Suppliers representing (10%) and more of Company's Purchases:

-Saudi Aramco is the main supplier of crude oil, and its share reached about (86%) of the company's purchases of crude oil. Crude oil is also purchased from the Iraqi SOMO Oil Company under an agreement signed between the Jordanian Government and the Iraqi Government, and its share reached about (14%) of the company's purchases of crude oil.

-The tender for supplying liquefied petroleum gas awarded to "Petredec" Company for the years 2019 and 2020, which constituted (15%) of the company's total purchases of petroleum finished products.

Tenth: Application of Quality Management System:

The company has implemented ISO 9001: 2015 quality management standards in the operations and activities of the site's departments, gas activity departments, airport service, Aqaba Stores and marketing of petroleum products. In order to comply with the global changes that have occurred in the global market such as modern technology, information management, competitiveness, supply chain management, risk management and other variables, and to achieve better integration among all business systems within the Refinery in-light of these changes, the company's management coordinated with Lloyd's Register Company to work within the new international standard ISO (9001: 2015), and a team of Lloyd's Register company trained all job levels on the new standard terms, a number of employees were trained from different site's departments, gas activity departments, airport services departments, Aqaba stores, and Petroleum Products Marketing Co. on external auditing procedures. They were awarded certificates from Lloyd's Register.
Noting that on July 28, 2019, a comprehensive external audit was conducted for all refinery departments participating in the ISO system by Lloyd's Register and the certificate was renewed for a period of three years.

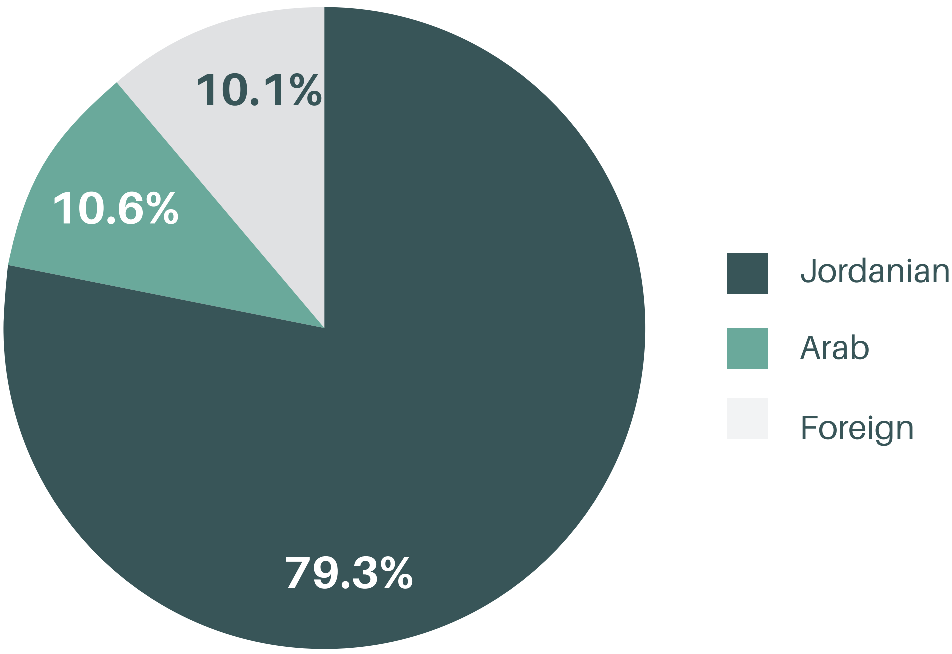
The Department of Laboratories and Quality Control in the company obtained an international accreditation certificate from the Jordanian Accreditation Unit - recognized by the International Cooperation Authority for Laboratory Accreditation - in the field of oil derivative testing in accordance with the requirements of the ISO system (ISO / IEC 17025: 2017), as of 8th ,October 2020 until 7,November 7, 2025.
The company's lube oil laboratory (Jopetrol Oils) has also obtained five international certificates of excellence, realizing a new achievement in addition to its previous achievement by obtaining international accreditation according to the requirements of the international standard (ISO 17025: 2017).
The laboratory obtained certificates: (Certificate of Excellence) for its participation in examining: a sample of Fresh Engine Oil, Fresh Hydraulic Oil, gear oils, and base oils as part of its annual participation in the Environmental Studies Program for the year 2020, organized by the Global Institute.

Eleventh : Shareholders:

The number of shareholders as on 31/12/2020 was (35,952) shareholders, where the authorized and paid capital is JOD (100) million (100 million shares of JOD 1 each).

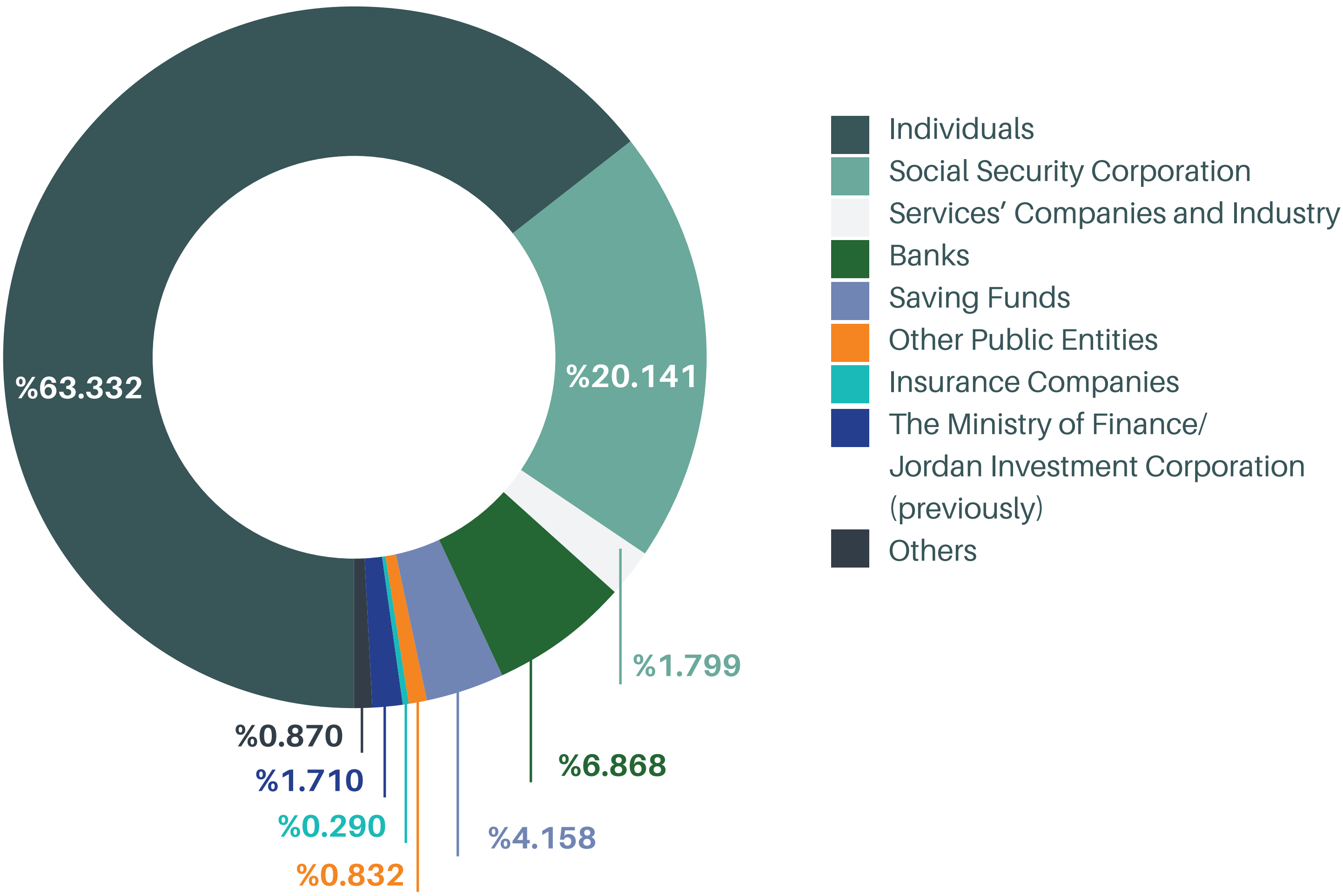
The following table and graph show the distribution of shareholders according to their nationalities:

Nationality	Number of Share-holders	Percentage of shareholders %	Number of Shares	Percentage of number of shares %
Jordanian	30,478	84.8%	79,262,162	79.3%
Arab	4,354	12.1%	10,602,534	10.6%
Foreign	1,120	3.1%	10,135,304	10.1%
Total	**35,952**	**100%**	**100,000,000**	**100%**



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

Category	Number of Share-holders	Percentage	Number of Shares	Percentage
Individuals	35,835	99.673 %	63,331,345	63.332%
Social Security Corporation	1	0.003%	20,140,624	20.141%
Services' Companies and Industry	42	0.117%	1,799,173	1.799%
Banks	5	0.014%	6,868,255	6.868%
Saving Funds	16	0.045%	4,157,871	4.158%
Other Public Entities	28	0.078%	832,173	0.832%
Insurance Companies	10	0.028%	289,718	0.290%
The Ministry of Finance/Jordan Investment Corporation (previously)	1	0.003%	1,710,487	1.710%
Others	14	0.039%	870,354	0.870%
Total	**35,952**	**100%**	**100,000,000**	**100%**



Shareholders who own more than (5%) of the company’s shares for the years 2019 and 2020

Name of Share holder	Number of shares		Percentage Total Shares %	
	2020	2019	2020	2019
Social Security Corporation	20,140,624	20,140,624	20.141%	20.141%
Islamic Development Bank/ Jeddah	6,250,000	6,250,000	6.250%	6.250%
Total	**26,390,624**	**26,390,624**	**26.391%**	**26.391%**

Trading the Company's Shares in the Amman Stock Exchange for the year 2015 to 2019:

The number of shares transacted during 2020 in the stock exchange amounted to (17,918,716) shares valued at JOD (51,586,289) executed through (21,337) transfer contracts at an average share price of JOD (2.88).

The following table shows the activity movement of the Company's shares in the Stock Exchange from 2015 to 2019:

Data/Year	2016	2017	2018	2019	2020
Trade Shares	16,272,867	20,662,041	17,720,216	25,613,480	17,918,716
Volume Trading (JOD)	63,404,686	66,261,039	45,185,842	73,701,055	51,586,289
Number of executive contracts	25,148	27,841	23,124	30,181	21,337
Market value of authorized and subscribed shares for in dinars(JOD)	342,000,000	256,000,000	227,000,000	323,000,000	250,000,000
Closing price (JOD)	3,420	2,56	2,27	3,23	2,50
Average share price (JOD)	3,90	3,21	2,55	2,88	2,88
Rate of share turnover (%)	16.27	20,66	17,72	25,61	17,92

The following table also shows the number of shareholders according to the share slides they own, as of December 31, 2020

Share Range	Shareholders		Shares	
	Number	Percentage	Number	Percentage %
1-100	10,057	27.97%	466,912	0.47%
101-500	13,004	36.17%	3,237,943	3.23%
501-1000	4,783	13.30%	3,453,903	3.45%
1001-5000	6,143	17.09%	13,395,953	13.40%
5001-10000	969	2.70%	6,819,967	6.82%
More than 10001	996	2.77%	72,625,322	72.63%
Total	**35,952**	**100%**	**100,000,000**	**100%**

The following table shows the development of the percentage of cash dividends distributed to shareholders for the last five years from 2016 to 2019 and proposed to be distributed for the year 2020:

Year	2016	2017	2018	2019	2020*
Percentage (%)	20%	20%	25%	17%	-
Dividend of one share (Fills)	200	200	250	170	-

* The Board of Directors did not propose to the General Assembly a cash dividend in order to preserve the financial position of the company, as the results of the company's business for the year 2020 were losses due to the Corona virus pandemic and its consequences.

The following table shows the net profits and dividends (Cash and Free Shares) and shareholders' Equity for the last five years 2016-2020 :

Year	Net profits	Distributed profits JOD		Total Distributed Dividend	Shareholders' equity
	JOD	Cash	Free Shares	JOD	JOD
2016	33,749,044	20,000,000	-	20,000,000	192,259,066
2017	32,654,771	20,000,000	-	20,000,000	204,459,173
2018	36,616,235	25,000,000	-	25,000,000	218,772,475
2019	43,866,972	17,000,000	-	17,000,000	238,208,645
2020*	(14,326,451)	-	-	-	206,844,816

* The Board of Directors did not propose to the General Assembly a cash dividend in order to preserve the financial position of the company, as the results of the company's business for the year 2020 were losses due to the Corona virus pandemic and its consequences.

Twelve: The Curriculum Vitae of the Chairman, Members of the Board of Directors and the Executive Management of the Company and their Remuneration, the number of shares owned by them and owned by their relatives, travel allowances, membership, bonuses and travel fees for 2020 compared to 2019

No.	Name	Date of Birth	Academic Degree	Graduation Year	Brief Practical Experience	Date of Joining the Board	Number of Shares Held 2020 (Share)	Number of Shares Held 2019 (Share)	Number of Shares Held by immediate family members 2020 (Share)	Number of Shares Held by immediate family members 2019 (Share)	Companies controlled by a board of directors members or a relative of the member during 2019-2020	Contracts or projects that were awarded to board of directors members during 2019-2020	Remu-neration during year 2020 (JOD)	Transportation allowance and membership of committees for 2020 (JOD)	Travel allowance 2019 (JOD)
1	Chairman of the Board Eng. Alaa Arif Batayneh *	1969	Masters in Information System Management. Bachelor in Electrical Engineering/ George Washington University, U.S.A	1993 1991	- 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	25000	20000	Non	Non	Non	Non	5000	79278	Non
2	Former Chairman of the Board Mr. Walid Mithkal Asfour **	1932	MA in Political Science & Economics. Tennessee University USA	1958	-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	33822	33822	21000 (Wife & Children)	11000 (Wife & Children	Non	Non	5000	85500	Non
3	Representative of Abdel Alrahim Boucai & Partners Co.) Eng. Abdel Alrahim Fathi Boucai***	1959	B.Sc. in Civil Engineering Fresno University USA	1983	-Former Member of Parliament -Member of a number of Board of Directors. -Member of the Senate.	30/04/2007	28393	28393	Non	Non	Abdel Alrahim Boucai & Partners Co.	Non	5000	21375	Non
4	Eng. Khair Abdullah Abu Saalik	1971	Master in Industrial Engineering	2004	- Jordan Parliament Member. - Member of Pension Fund Board of Jordanian Engineers Association. - Chairman of the Committee for Supporting National Industry - Jordanian Engineers Association. - 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	11023	11023	Non	3036 (Children)	Non	Non	5000	44375	Non
5	Mr. Bassam Rashad Sinokrot	1954	Bachelor of Business Administration Beirut Arab University	1978	- Member of Board of Directors of several companies	12/5/2011	72358	72358	17560 (Wife)	18560 (Wife)	Non	Non	5000	38375	Non
6	Mr. Ahmad Adnan Alkhudari	1958	Bachelor in Business Management/ Lebanese University	1981	- 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 Directors of several companies.	10/1/2017	1200	1200	Non	Non	Non	Non	5000	36813	Non

No.	Name	Date of Birth	Academic Degree	Graduation Year	Brief Practical Experience	Date of Joining the Board	Number of Shares Held 2020 (Share)	Number of Shares Held 2019 (Share)	Number of Shares Held by immediate family members 2020 (Share)	Number of Shares Held by immediate family members 2019 (Share)	Companies controlled by a board of directors members or a relative of the member during 2019-2020	Contracts or projects that were awarded to board of directors members during 2019-2020	Remunera-tion during year 2020 (JOD)	Transportation allowance and membership of committees for 2020 (JOD)	Travel allowance 2019 (JOD)
7	(Representative of the Social Security Fund of the Engineers Association) Eng. Shakib Abdel-Latif Odetallah	1958	Bachelor Degree in Electric Engineering / Al-Mansoura University , Egypt	1981	- Member of the Council of Engineers Association/ Treasurer 2012-2018 - Member of the Investment Committee of the Pension Fund / Engineers Association - Member of the Executive Office of the Union of Arab Engineers - Member of the Board of Directors of Limar International Academy. - Board Member of Social Security of Jordanian Engineers Association.	6/4/2017	Non	Non	Non	Non	Non	Non	5000	21375	Non
8	(Representative of the Islamic Development Bank- Jeddah) Mr. Jamil Ali Darras	1970	Masters in Science/ Technology Management, Wisconsin University -USA	1997	- Board member for several Companies and Banks.	25/4/2016	Non	Non	Non	Non	Non	Non	15000	14250	Non
9	Mr. Walid Yacoub AlNajjar	1949	Bachelor of Economy & Politics Beirut Arab University	1973	- Owner and Chairman of Tanmia Securities Co. - Member of Amman Stock Exchange - Member of Board of Palestine Investment Bank - Former Chairman of Financial Services Companies Association - Founder of several public shared companies (Banks, insurance, services and co-management as chairman, member and vice president) - Member of the Board of Directors of the Securities Depository Center. - Founder of the Amman Financial Market Brokers Association.	27/4/2019	5000	1300	Non	Non	Tanmia Securities Co.	Non	3333	23375	Non
10	Mr. Jamal Mohammed Fariz	1958	Bachelor of Business Administration University of Jordan	1980	- General Manager of Tamkeen Leasing Co./Vice Chairman of Board. - Chairman of Board of Tasheelat Co. - Chairman of Haya Cultural Center. -Jordanian Network Association for the Global Compact - Member of Development and Employment Fund. - Member of Alhajj Fund. - Member of financial committee of Jordan Football Federation. - Honorary Chairman of Arab Brokers Union. - Chairman of Board of Jordan European Business Association (2015-2019) - Member of Board of Jordan Chamber of Commerce (2013-2018). - Member of Board of Amman Chamber of Commerce/ Treasurer (2013-2018). - Vice Chairman of Board of Military Credit Fund (2015-2018). - Committee Member of Employment and Training Fund.	27/4/2019	15000	13000	3000 (son)	1000 (son)	Non	Non	3333	34177	Non
11	Mr. Ibrahim Ahmad Abu Dayyeh *********	1953	Bachelor of Law Arab Beirut University	1979	- Member of Board of Quds Bank - Chairman of Board of Alsahm Aldawli Securities & Financial Consultants. - Chairman of Board of Doblen Housing Company. - Chairman of Board of Shorok Financial & Real estate Investments-Palestine - Chairman of Board of United Enterprises Company-Palestine - 30 years experience in banking & securities sector.	27/4/2019	11000	11000	1333 (son)	Non	Non	Non	5000	34177	Non
12	Representative of Social Security Corporation) Ms. Reem Yahya Abzakh	1973	- Master of Law / Middle East University - Bachelor of Law / University of Jordan	1995 2010	- Legal Department Manager / Social Security Investment Fund. - Pleading Assessor in Income Tax Department (up to 2003). - Auditor in Legal Department of State Audit & Administrative Control Bureau (up to 2001) - Represent Social Security Corporation in various companies.	10/7/2019	Non	Non	Non	Non	Non	Non	5000	34176	Non

No.	Name	Date of Birth	Academic Degree	Graduation Year	Brief Practical Experience	Date of Joining the Board	Number of Shares Held 2020 (Share)	Number of Shares Held 2019 (Share)	Number of Shares Held by immediate family members 2020 (Share)	Number of Shares Held by immediate family members 2019 (Share)	Companies controlled by a board of directors members or a relative of the member during 2019-2020	Contracts or projects that were awarded to board of directors members during 2019-2020	Remuneration during year 2020 (JOD)	Transportation allowance and membership of committees for 2020 (JOD)	Travel allowance 2019 (JOD)
13	Dr. Mohammad Mahmoud Thneibat ******	1950	Ph.D. in Administration- Workforce Planning/ University of Southern California USA	1982	- Chairman of the Board of Jordan Phosphate Mines Co. - Former Vice Prime Minister and Minister of Education. - Former Minister of Education. - Chairman of Jordan National Commission for Education, Culture and Science. - Member of Board of Trustees of The World Islamic Sciences and Education University. - Professor of Administration / University of Jordan. Former President of Amman Arbitration Center. - Former Minister of Public Sector Development & Minister of Parliamentary Affairs. - Former Chairman of the Administrative Authority of General Union of Voluntary Societies. - Former President of the Institute of Studies for Institutional Capacity Building.	14/10/2020	3122	Non	Non	Non	Non	Non	Non	2903	Non
14	(Representative of Social Security Corporation) Mr. Ali Mohammad Al-Balawneh *****	1967	- Master of Business Administration - Bachelor of Business Administration	2006 2003	- Internal Control Department Manager / Social Security Corporation. - Administrative Affairs Department Manager / Social Security Corporation. - Member of Board of Directors of several companies.	17/2/2021	Non	Non	Non	Non	Non	Non	Non	Non	Non
15	(Representative of Social Security Corporation) Mr. Sleeman Fayyad Al-Shawabkeh ****	1963	Bachelor of Civil Engineering NED University for Engineering & Technology/Pakistan	1989	- Director of the Studies Bidding Directorate /Social Security Corporation. Director of several directorates at the Social Security Corporation	10/8/2020	Non	Non	Non	Non	Non	Non	Non	15990	Non
16	(Representative of the Social Security Corporation) Dr. Samer Ibrahim Mofleh ****	1978	- PhD in Engineering University of Bristol / England - United Kingdom - Master in Engineering - Coventry University / England - UK - Bachelor of Computer Engineering- University of Applied Sciences	2008 2004 2002	- 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	Non	Non	Non	Non	Non	Non	5000	22385	Non

- During the year 2020, bonuses were paid for the year 2019 to former board members, Mr. Nabih Ahmad Salameh in an amount of JOD (3230), Eng. Omar Ashraf Al Kurdi in an amount of JOD (1250), and Mr. Mohammad Majed Allan in an amount of JOD (1667).
- Travel allowances, committee memberships, and bonuses paid to the board of directors during the year 2020 amounted to (584,670) JOD, compared to JOD (668,820) during the year 2019.

* Eng. Alaa Arif Batayneh was elected Chairman of the Board on 14/10/2020, succeeding Mr. Walid Mithkal Asfour, who died on 9/10/2020.

** Membership of Mr. Walid Mithkal Asfour was ended on 9/10/2020 because of death.

*** Eng. Abed Alrahim Fathi Boucai was elected Vice Chairman on 14/10/2020, succeeding Eng. Alaa Arif Batayneh who became Chairman of the Board on 14/10/2020.

**** Mr. Sleeman Fayyad Al-Shawabkeh was appointed to represent the Social Security Corporation instead of Dr. Samer Ibrahim Mofleh on 10/8/2020.

***** Mr. Ali Mohammad Al-Balawneh was appointed to represent the Social Security Corporation instead of Mr. Suleiman Fayyad Al-Shawabkeh as of 17/2/2021.

****** Dr. Mohammad Mahmoud Thneibat was appointed temporarily as a member of the Board of Directors on 14/10/2020, pending approval of his appointment by the General Assembly due to the vacancy of a seat in the Board of Directors as a result of the death of Mr. Walid Mithkal Asfour.

The following table shows the number of shares owned by Members of the Board of Directors and whom they represent as on 31/12/2020 compared with 2019:

Name	Number of shares owned personally 2020	No. of shares owned by the organization and the member who represents. 2020	Number of shares owned personally 2019	No. of shares owned by the organization and the member who represents. 2019
Chairman of the Board Eng. Alaa Arif Batayneh *	25000	-	20000	-
Former Chairman of the Board Mr. Walid Mithkal Asfour**	33822	-	33822	-
Vice Chairman (Representative of Abed Alrahim Boucai & Partners Co.) Eng. Abed Alrahim Fathi Boucai***	28393	600	28393	600
Eng. Khair Abdullah Abu Saalik	11023	-	11023	-
Mr. Bassam Rashad Sinokrot	72358	-	72358	-
Mr. Ahmad Adnan Alkhudari	1200	-	1200	-
(Representative of the Social Security Fund of the Engineers Association) Eng. Shakib Abdel-Latif Odetallah	Non	93336	Non	93336
(Representative of the Islamic Development Bank-Jeddah) Mr. Jamil Ali Darras	Non	6250000	Non	6250000
Mr. Walid Yacuob Alnajjar	5000	-	1300	-
Mr. Jamal Mohammed Fariz	15000	-	13000	-
Mr. Ibrahim Ahmad AbuDayyeh	11000	-	11000	-
Representative of Social Security Corporation) Ms. Reem Yahya Ebzakh	Non	20140624	Non	20140624
(Representative of Social Security Corporation) Mr. Ali Mohammad AlBalawneh *****	Non	20140624	Non	20140624
(Representative of the Social Security Corporation) Mr. Sleeman Fayyad Al-Shawabkeh ****	Non	20140624	Non	20140624
Representative of the Social Security Corporation) Dr. Samer Ibrahim Mofleh ****	Non	20140624	Non	20140624
(Dr. Mohammad Mahmoud Thneibat ******	3122	-	Non	-

* Eng. Alaa Arif Batayneh was elected Chairman of the Board on 14/10/2020, succeeding Mr. Walid Mithkal Asfour, who died on 9/10/2020.
** Membership of Mr. Walid Mithkal Asfour was ended on 9/10/2020 because of death.
*** Eng. Abed Alrahim Fathi Boucai was elected Vice Chairman as of 14/10/2020, succeeding Eng. Alaa Arif Batayneh who became Chairman of the Board on 14/10/2020.
**** Mr. Sleeman Fayyad Al-Shawabkeh was appointed to represent the Social Security Corporation instead of Dr. Samer Ibrahim Mofleh on 10/8/2020.
***** Mr. Ali Mohammad AlBalawneh was appointed to represent the Social Security Corporation instead of Mr. Sleeman Fayyad Al-Shawabkeh on 17/2/2021.
******Dr. Mohammad Mahmoud Thneibat was appointed temporarily as a member of the Board of Directors on 14/10/2020, pending approval of his appointment by the General Assembly due to the vacancy of a seat in the Board of Directors as a result of the death of Mr. Walid Mithkal Asfour.

Second: Curriculum vitae of the Chief Executive Officer and Executive Directors of the Company and the amounts paid and the companies controlled by senior management staff and their relatives and the contracts and projects held with senior management staff and their relatives during 2020 compared with 2019.

No.	Name	Date of Birth	Academic Degree	Graduation Year	Current Position	Date of Appointment	Number of Shares Held 2020 (Share)	Number of Shares Held 2019 (Share)	Number of Shares Held by Relatives (wife & children) 2020	Number of Shares Held by Relatives (wife & children) 2019	Companies controlled by senior management staff & their relatives during in 2019 & 2020	Contracts, projects and Links that the company has made with senior management employees and their relatives For 2019 & 2020	Salaries in 2020 (JOD)	Travel allowance in 2020 (JOD)
1	Eng. Abdel Karim Hussein Alawin	1955	BS in Chemical En-gineering/I.I.T University/India	1978	Chief Ex-ec-utive Officer	28/10/1978	41249	41249	Non	Non	Non	Non	317824	Non
2	Eng. Khaled Mohammed Al-Zoubi	1955	BS in Electric En-gi-neering/ Cairo Uni-versity/Egypt	1979	General Manager of the Pe-trole-um Products Marketing Co.	21/9/2013	3986	3886	Non	Non	Non	Non	266909	Non
3	Eng. Kamal Waleed Al-Tall	1959	Masters in Petroleum Engineering/ Ploiesti - Romania	1982	Refinery Executive Director	9/10/1982	Non	Non	Non	1600 (Wife)	Non	Non	68975	Non
4	Eng. Hani Ahmad Shawash	1948	BS in Mechanical Engineering /University of Brati-slava / Slovakia	1975	Advisor to the Chief Executive Officer for Technical Affairs	9/7/2008	Non	Non	Non	Non	Non	Non	86640	Non
5	Mr. Mones Naem Emran Madani*	1972	BS in Law/ University of Jordan	1994	Executive Director/ Financial	16/11/2019	Non	Non	Non	Non	Non	Non	18377	Non

-The salaries and benefits of senior management staff during the year 2020 amounted to (758,725) JOD compared to (788,649) JOD during the year 2019.

* His Contract of employment was terminated on 14/2/2020.

Thirteenth: Board of Directors Meetings and Committees :

Table of attending Board of Directors meetings and Committees:

The number of meetings of the Board of Directors were (14) meetings during the year 2020, and the following table shows attendance:

No.	Member	Position	Number of Meeting	Number of Attendances	Attendance Percentage
1	Eng. Alaa Arif Batayneh *	Chairman	14	14	100%
2	Mr. Walid Mithkal Asfour **	Former Chair-man	10	6	60%
3	(Representative of Abed Alrahim Bou-cai & Partners Co.) Eng. Abed Alrahim Fathi Boucai***	Vice Chair-man	14	13	93%
4	Eng. Khair Abdullah Abu Saalik	Board Member	14	14	100%
5	Mr. Bassam Rashad Sinokrot	Board Member	14	12	86%
6	Mr. Ahmad Adnan Alkhudari	Board Member	14	13	93%
7	(Representative of the Social Security of the Engineers Association) Eng. Shakib Abdel-Latif Odetallah	Board Member	14	14	100%
8	(Representative of the Islamic Devel-opment Bank- Jeddah) Mr. Jamil Ali Darras	Board Member	14	8	57%
9	Mr. Walid Yacoub Alnajjar	Board Member	14	13	93%
10	Mr. Jamal Mohammed Fariz	Board Member	14	14	100%
11	Mr. Ibrahim Ahmad AbuDayyeh	Board Member	14	14	100%
12	(Representative of Social Security Corporation) Ms. Reem Yahya Ebzakh	Board Member	14	14	100%
13	Dr. Mohammad Mahmoud Thneibat ******	Board Member	3	3	100%
14	(Representative of Social Security Corporation) Mr. Ali Mohammad Al-Balawneh *****	Board Member	0	0	-
15	(Representative of the Social Security Corpora-tion) Mr. Sleeman Fayyad Al-Shawabkeh ****	Board Member	5	5	%100
16	(Representative of the Social Security Corpora-tion) Dr. Samer Ibrahim Mofleh****	Board Member	9	9	%100

* Eng. Alaa Arif Batayneh was elected Chairman of the Board on 14/10/2020, succeeding Mr. Walid Mithkal Asfour, who died on 9/10/2020.

** Membership of Mr. Walid Mithkal Asfour was ended on 9/10/2020 because of death.

*** Eng. Abed Alrahim Fathi Boucai was elected Vice Chairman on 14/10/2020, succeeding Eng. Alaa Arif Batayneh who became Chair-man of the Board on 14/10/2020.

**** Mr. Sleeman Fayyad Al-Shawabkeh was appointed to represent the Social Security Corporation instead of Dr. Samer Ibrahim Mofleh on 10/8/2020.

***** Mr. Ali Mohammad Al-Balawneh was appointed to represent the Social Security Corporation instead of Mr. Suleiman Fayyad Al-Sha-wabkeh as of 17/2/2021.

****** Dr. Mohammad Mahmoud Thneibat was appointed temporarily as a member of the Board of Directors on 14/10/2020, pending approval of his appointment by the General Assembly due to the vacancy of a seat in the Board of Directors as a result of the death of Mr. Walid Mithkal Asfour.

• Board Committees:

Central Tenders Committee:

The number of meetings of the Central Tenders Committee were (8) meetings during the year 2020, and the following table shows the attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1	Eng. Alaa Arif Batayneh *	Chairman	3	3
2	Mr. Walid Mithkel Asfour **	Former Chair-man	5	5
3	Eng. Abdel Alrahim Boucai ***	Vice Chairman	8	7
4	Eng. Khair Abdullah Abu Saalik ****	Member	8	7
5	Mr. Bassam Rashad Sinokrot	Member	8	5
6	Eng. Abdel Karim Alawin	Member	8	8

* Eng. Alaa Arif Batayneh was elected Chairman of the Board as of 14/10/2020, succeeding Mr. Walid Mithkal Asfour who died on 9/10/2020, and he was appointed as Chairman of Central Tenders Committee on 27/10/2020.
** Membership of Mr. Walid Mithkal Asfour was ended on 9/10/2020 because of death.
*** Eng. Abed Alrahim Fathi Boucai was elected Vice Chairman of the Board on 14/10/2020 and he was appointed as Chairman of Central Tenders Committee during 14-27/10/2020, and then he was appointed as Vice Chairman of Central Tenders Committee on 27/10/2020.
**** Eng. Khair Abdullah Abu Saalik was appointed as Vice Chairman of Central Tenders Committee during 14-27/10/2020, and then he was appointed as a member on 27/10/2020.

Finance Committee:

The number of meetings of the Finance Committee were (5) meetings during the year 2020, and the following table shows the attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1	Eng. Abed Alrahim Boucai *	Chairman	5	5
2	Eng. Khair Abdullah Abu Saalik	Vice Chairman	5	4
3	Mr. Bassam Rashad Sinokrot	Member	5	4
4	Mr. Jamal Mohammed Fariz **	Member	2	2
5	Eng. Abdel Karim Alawin	Member	5	5

* Eng. Abed Alrahim Fathi Boucai was elected Vice Chairman of the Board as of 14/10/2020, succeeding Eng. Alaa Arif Batayneh who became Chairman of the Board as of 14/10/2020.
** He was appointed as Member in Financial Committee on 4/8/2020.

Nominations and Remuneration Committee

The number of Nomination and Remuneration Committee meetings were (4) meetings during the year 2020, and the following table shows attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1	Dr. Mohammad Mahmoud Thneibat *	Chairman	-	-
2	Eng. Alaa Arif Batayneh **	Former Chair-man	4	4
3	Mr. Ibrahim Ahmad AbuDayyeh ***	Vice Chair-man	-	-
4	Mr. Ali Mohammad AlBalawneh ****	Member	-	-
5	Mr. Walid Yacoub Alnajjar ******	Former Vice Chairman	4	4
6	Mr. Sleeman Fayyad Al-Shawabkeh *******	Member	-	-
7	Dr. Samer Ibrahim Mofleh	Member	3	3

* Dr. Mohammad Mahmoud Thneibat was appointed temporariy as a member of the Board of Directors on 14/10/2020, pending approval of his appointment by the General Assembly due to the vacancy of a seat in the Board of Directors as a result of the death of Mr. Walid Mithkal Asfour, and he was appointed as Chairman of Nominations and Remuneration Committee on 27/10/2020.

** Membership of Eng. Alaa Arif Batayneh was ended on 27/10/2020.

*** Mr. Ibrahim Ahmad AbuDayyeh was appointed as Vice Chairman of Nominations and Remuneration Committee on 27/10/2020.

**** Mr. Ali Mohammad Al-Balawneh was appointed to represent the Social Security Corporation instead of Mr. Sleeman Fayyad Al-Shawabkeh as of 17/2/2021, and he was appointed as member of Nominations and Remuneration Committee on 24/3/2021.

***** Mr. Walid Yacoub Alnajjar was appointed as Vice Chairman of Nominations and Remuneration Committee until 27/10/2020, and his membership was ended after that date.

****** Mr. Sleeman Fayyad Al-Shawabkeh was appointed to represent the Social Security Corporation instead of Dr. Samer Ibrahim Mofleh on 10/8/2020 and his membership was ended on 17/2/2021, and he was appointed as member of Nominations and Remuneration Committee on 9/9/2020 until the end of his membership.

******* Membership of Dr. Samer Ibrahim Mofleh in Nominations and Remuneration Committee was ended on 10/8/2020, and Mr. Sleeman Fayyad Al-Shawabkeh was appointed to represent the Social Security Corporation instead of Dr. Samer Ibrahim Mofleh as of 10/8/2020.

Internal Audit and Control Committee

The number of meetings of the Internal Audit and Control Committee is (5). The following table shows the attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1	Eng. Shakib Abdel-Latif Odetallah	Chairman	5	4
2	Mr. Ahmad Adnan Alkhudari	Vice Chair-man	5	5
3	Mr. Walid Yacoub Alnajjar *	Member	-	-
4	Mr. Ibrahim Ahmad Abu Dayyeh **	Member	5	5

* Mr. Walid Yacoub Alnajjar was appointed as member in Internal Audit and Control Committee on 27/10/2020

** Membership of Mr. Ibrahim Ahmad AbuDayyeh in Internal Audit and Control Committee was ended on 27/10/2020.

Governance Committee

The number of meetings of the Governance Committee were (2) meetings during the year 2020, and the following table shows the attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1	Mr. Jamal Mohammed Fariz	Chairman	2	2
2	Mr. Bassam Rashad Sinokrot	Vice Chairman	2	2
3	Eng. Khair Abdullah Abu Saalik	Member	2	2
4	Ms. Reem Yahya Ebzakh	Member	2	1

Risk Management Committee:

The number of meetings of the Risk Management Committee were (2) meetings during the year 2020, and the following table shows the attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1	Eng. Abed Alrahim Fathi Boucai	Chairman	2	2
2	Mr. Jamal Mohammed Fariz	Vice Chairman	2	2
3	Eng. Abdel Karim Alawin	Member	2	2

Fourteenth: Application of Governance rules and Governance Report

First: Disclosure of company's governance and application of company's governance Rules

Methodology:

- The data in this document is completed with the approval of the Internal Audit and Control Audit Committee.
- Detailed information of the below items was submitted.
- "Not applicable" is written if the question is unrelated or not applicable to your company.
- The answers are specific and in the core of the question.
- Name and date of the supporting documents were mentioned.

	Commitment to Governance Principles	Supporting Documents
1	A brief statement clarifying how the company applied the principles stipulated in the Code of Corporate Governance of the listed companies listed in 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. • The company started to implement the principles stipulated in the Code of Corporate Governance of Listed Companies on the Amman Stock Exchange as of 2015. • The implementation of many of the principles set out in the Code of Corporate Governance of listed companies in Amman Stock Exchange 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 31/12/2015 to the Securities Commission.	-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 in Amman Stock Exchange. -The company's declarations in the Amman Stock Exchange on the application of the principles stipulated in the Corporate Governance Guidebook
2	A brief statement showing the extent of the Board of Directors' compliance with the Code of Corporate Governance of Listed Companies in Amman Stock Exchange. The Board of Directors has started implementing several Corporate Governance Rules listed in Amman Stock Exchange since 2015.	The policies approved by the Board of Directors regarding the application of corporate governance rules and the decisions of the Board of Directors and the applicable regulations in this regard.

	Board of Directors	Supporting Documents
1	A brief statement showing how the Board of Directors performs its missions, including an explanation of decisions taken by the Board of Directors and the decisions authorized to the senior management to take. • 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: 1. The Company's Internal Regulation. 2. Supplies and Works System. 3. Financial System. 4. Employees System. 5. System and Guidance Manual for the Control Unit.	The regulations/systems in force at the company: 1. The company's Internal regulation. 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	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. • 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 five members representing legal entities and eight independent members.	Companies Law, The company's Internal regulation and Corporate Governance guidelines.
3	Determine the responsibility of the Chairman of the Board and the Deputy Chairman of the Board of Directors (if any). Determined by the Companies Law and the Company's Internal regulation.	The "Companies Law" and the Company's Internal Regulation and the Governance System.
4	Determine the responsibility of Executive members in the Board of directors (if any). There are no Executive Members.	
5	Determine the responsibility of the non-Executive Members in the Board of Directors. All members of the company's board of directors are non-executives and are committed to their responsibilities according to the applicable regulations of the company and in accordance with the Companies Law and corporate governance instructions.	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), Companies Law and Governance System
6	Determine the responsibility of the Independent Members in the Board of Directors (If any). Members are committed to their responsibilities according to the applicable regulations of the company and in accordance with the Companies Law and corporate governance instructions.	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) Companies Law and Governance System
7	Mention the names of the Chairman, Deputy Chairman (if any) and Executive Members (who hold executive positions in the company). • Chairman of Board of Directors: Eng. Alaa Arif Batayneh (from 14/10/2020 until this date) instead of Mr. Walid Mithkal Asfour who passed away. • Deputy Chairman of Board of Directors: Eng.Abed Alrahim Fathi Boucai (from 14/10/2020) instead of Eng. Alaa Arif Batayneh. • There are no Executive Members.	-- The Board of Directors decisions, that includes the election of Eng. Alaa Al-Batayneh as Chairman of the Board of Directors, and the election of Eng. Abed Al-Rahim Boucai as Vice-Chairman.

Board of Directors	Supporting Documents

8

List the number of Board meetings and the attendance.
The number of Board meetings reached (14) during the year 2020, and the table below shows the number of times each member attended

No.	Member name	Position	Number of Meeting	Number of Attendances	Attendance Percentage
1	Eng. Alaa Arif Batayneh*	Chairman	14	14	100 %
2	Mr. Walid Mithkal Asfour**	Former Chairman	10	6	60 %
3	Eng. Abed Alrahim Fathi Boucai (Representative of Abdel Alrahim Boucai & Partners Co.)***	Vice Chairman	14	13	93 %
4	Eng. Khair Abdullah Abu Saalik	Board Member	14	14	100 %
5	Mr. Bassam Rashad Sinokrot	Board Member	14	12	86 %
6	Mr. Ahmad Adnan Alkhudari	Board Member	14	13	93 %
7	Eng. Shakib Abdel-Latif Odehallah (Representative of the Social Security Fund of the Engineers Association)	Board Member	14	14	100 %
8	Mr. Jamil Ali Darras (Representative of the Islamic Development Bank- Jeddah)	Board Member	14	8	57 %
9	Mr. Walid Yacoub Alnajjar	Board Member	14	13	93 %
10	Mr. Jamal Mohammed Fariz	Board Member	14	14	100 %
11	Mr. Ibrahim Ahmad AbuDayyeh	Board Member	14	14	100 %
12	Ms. Reem Yahya Ebzakh (Representative of Social Security Corporation)	Board Member	14	14	100 %
13	Dr. Mohammad Mahmoud Thneibat******	Board Member	3	3	100 %
14	Mr. Ali Mohammad Al-Balawneh***** (Representative of Social Security Corporation)	Board Member	0	0	-
15	Mr. Sleeman Fayyad Al-Shawabkeh **** (Representative of Social Security Corporation)	Board Member	5	5	100%
16	Dr. Samer Ibrahim Mofleh **** (Representative of Social Security Corporation)	Board Member	9	9	100 %

* Eng. Alaa Arif Batayneh was elected as Chairman of the Board of Directors on 14/10/2020 succeeding Mr. Walid Mithqal Asfour who pass away on 9/10/2020.
** Mr. Walid Mithkal Asfour's membership ended on 9/10/ 2020, due to his death.
*** Eng. Abed AlRahim Fathi Boucai was elected as Vice-Chairman of the Board of Directors on 14/10/2020, succeeding Eng. Alaa Arif Al-Batayneh, who became Chairman of the Board of Directors on 14/10/2020.
****Mr. Sleeman Fayyad AL-Shawabkeh was named as a representative of the Social Security Corporation to replace Dr. Samer Ibrahim Mofleh, as of 10/8/2020.
*****Mr. Ali Mohammad Al-Balawneh was named as a representative of the Social Security Corporation to replace Mr. Sleeman Fayyad AL-Shawabkeh, on 17/2/2021
******Dr. Mohammad Mahmoud Thneibat was appointed as a member of the Board of Directors on 14/10/2020 on a temporarily basis, pending approval of his appointment by the General Assembly due to the vacancy of a seat in the Board of Directors as a result of the death of Mr. Walid Mithkal Asfour.

Board of Directors		Supported Documents
9	A brief statement clarifying the General Policy of the Board of Directors to determine the duration of service of the Board. The duration of service of the Board of Directors is Four Years under the Companies Law Article (132).	Companies Law Article (132).
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 vacancies in the company. Under Article 7 (B) of the Employees System, the procedures and functions of the Remuneration and Nominations Committee have been determined.	Employees System
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.	-

1-Committees emanating from the Board of Directors		Supported Documents
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. 4. Internal Audit and Control Committee: its responsibility is defined by the system and guide for the control and audit unit. 5. Governance committee: responsibilities determined in the Code of Corporate Governance issued by Jordan Securities Commission. 6. Risk Management committee : Its responsibility is specified in the Risk Policies and Procedures Manual.	BBoard of Directors resolutions to form committees. Company's applicable systems (The Employees System, the Financial System, the Supplies and Works System, System and Guidance Manual for the Control/Audit Unit) and Corporate Governance Instructions

Committees emanating from the Board of Directors		Supported Documents
2	The number of meetings of committees emanating from the Board of Directors and the attendance:	Minutes of committee meetings emanating from the Board of Directors

Central Tenders Committee:
The number of meetings of the Central Tenders Committee is (8) meetings in year 2020, and the following table shows the attendance

No.	Member	Position	Number of invitations to convene	Number of attendances
1.	Eng. Alaa Arif Batayneh*	Chairman	3	3
2.	Mr. Walid Mithkal Asfour**	Former Chairman	5	5
3.	Eng. Abed Alrahim Boucai***	Vice Chairman	8	7
4.	Eng. Khair Abdullah Abu Saalik****	Member	8	7
5.	Mr. Bassam Rashad Sinokrot	Member	8	5
6.	Eng. Abdel Karim Alawin	Member	8	8

* Eng. Alaa Arif Batayneh was elected as Chairman of the Board of Directors on 14/10/2020 succeeding Mr. Walid Mithkal Asfour who pass away on 9/10/2020, , and he was named chairman of the Central Tenders Committee on 27/10/2020.
** Mr. Walid Mithkal Asfour Board membership ended by his death on 9/10/2020.
*** Eng. Abed Alrahim Fathi Boucai was elected as Vice Chairman of the Board of Directors on 14/10/2020, and he was named as Vice Chairman of the Central Tenders Committee until 14/10/2020, he became the Chairman of Central Tenders Committee from 14/10/2020 to 27/10/2020 as he was renamed as Vice Chairman on 27/10/2020.
**** Eng. Khair Abdullah Abu Saalik was named as Vice Chairman of the Central Tenders Committee from 14/10/2020 until 27/10/2020, as he was named on this date as a member of the committee.

Committees emanating from the Board of Directors	Supported Documents

Finance Committee:
The number of meetings of the Finance Committee (5) meetings in year 2020 and the following table shows the attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1.	Eng. Abed Alrahim Boucai*	Chairman of the Committee	5	5
2.	Eng. Khair Abdullah Abu Saalik	Vice Chairman	5	4
3.	Mr. Bassam Rashad Sinokrot	Member	5	4
4.	Mr. Jamal Mohammed Fariz**	Member	2	2
5.	Eng. Abdel Karim Alawin	Member	5	5

* Eng. Abed Alrahim Fathi Boucai was elected as Vice Chairman of the Board of Directors on 14/10/2020, succeeding Eng. Alaa Arif Al-Batayneh, who became Chairman of the Board of Directors on 14/10/2020.
** He was appointed as Committee Member on 4/08/2020.

Remuneration and Nominations Committee.
The number of Nomination and Remuneration Committee meetings is (4) meetings in year 2020, and the following table shows the attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1.	Dr. Mohammad Mahmoud Thniebat *	Chairman of the Committee	-	-
2.	Eng. Alaa Arif Batayneh**	Former Chairman	4	4
3.	Mr. Ibrahim Ahmad AbuDayyyeh ***	Vice Chairman	-	-
4.	Mr. Ali Mohammad Al-Balawneh ****	Member	-	-
5.	Mr. Walid Yacoub Alnajjar *****	Former Vice Chairman	4	4
6.	Mr. Sleeman Fayyad Al-Shawabkeh ******	Member	-	-
	Dr. Samer Ibrahim Mofleh *******	Member	3	3

* Dr. Mohammad Mahmoud Thneibat was appointed as a member of the Board of Directors on 14/10/2020 on a temporarily basis, pending approval of his appointment by the General Assembly due to the vacancy of a seat in the Board of Directors as a result of the death of Mr. Walid Mithkal Asfour, he was appointed Chairman of the Remuneration and Nominations Committee on 27/10/2020.
** Eng. Alaa Arif Batayneh membership in the committee ended on 27/10/2020.
*** Mr. Ibrahim Ahmad AbuDayyeh was named Vice Chairman of the committee on 27/10/2020.
**** Mr. Ali Mohammad Al-Balawneh was named a representative of the Social Security Corporation to replace Mr. Sleeman Fayyad Al-Shawabkeh, on 17/02/2021, he was named a member in the committee on 24/03/2021.
***** Mr. Walid Yacoub Alnajjar was named Vice Chairman of the Nominations and Remuneration Committee until 27/10/2020, and his membership in this committee ended after this date.
****** Mr. Sleeman Fayyad Al-Shawabkeh was named a representative of the Social Security Corporation instead of Dr. Samer Ibrahim Al-Mofleh, on 10/08/2020, His membership in the Board of Directors ended on 17/02/2021 where Mr. Ali Muhammad Al-Balawneh was named a representative of the Social Security Corporation to replace him, he was a member of the Remuneration and Nominations Committee from 9/9/2020 until the end of his membership in the Board of Directors of the company.
******* Dr. Samer Ibrahim Mofleh membership in the committee ended in 10/08/2020, where Mr. Sleeman Fayyad Al-Shawabkeh was named a representative of the Social Security Corporation instead of Dr. Samer Ibrahim Al-Mofleh, as of 10/08/2020.

Committees emanating from the Board of Directors	Supported Documents

Internal Audit and Control Committee.
The number of meetings of the Internal Audit and control Committee is (5) in year 2020. The following table shows the attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1.	Eng. Shakib Abdel-Latif Odehallah	Chairman	5	4
2.	Mr. Ahmad Adnan Alkhudari	Vice Chairman	5	5
3.	Mr. Walid Yacoub Alnajjar *	Member	-	-
4.	Mr. Ibrahim Ahmad AbuDayyeh **	Member	3	5

* Named as member in the committee on 27/10/2020.
** His membership in the committee ended on 27/10/2020.

Governance Committee
The number of meetings of the Governance Committee is (2) in year 2020, and the following table shows the attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1.	Mr. Jamal Mohammed Fariz	Chairman	2	2
2.	Mr. Bassam Rashad Sinokrot	Vice Chairman	2	2
3.	Eng. Khair Abdullah Abu Saalik	Member	2	2
4.	Ms. Reem Yahya Ebzakh	Member	2	1

Risk Management Committee:
The number of meetings of the Risk Management Committee is (2) meetings in year 2020, and the following table shows the attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1.	Eng. Abed Alrahim Fathi Boucai	Chairman	2	2
2.	Mr. Jamal Mohammed Fariz	Vice Chairman	2	2
3.	Eng. Abdel Karim Alawin	Member	2	2

* Eng. Alaa Arif Batayneh was elected Board Chairman since 14/10/2020 instead of Mr. Walid Mithkal Asfour who passed away on 9/10/2020, and he was named Chairman of the Central Tenders Committee on 27/10/2020.
** Mr. Walid Mithkal Asfour Board membership ended by his death on 9/10/2020.
*** Eng. Abed Alrahim Fathi Boucai was elected as Vice Chairman of the Board of Directors as of 14/10/2020, and he was named Vice Chairman of the Central Tenders Committee until 14/10/2020, he became the Chairman of Central Tenders Committee from 14/10/2020 to 27/10/2020 which he was renamed as Vice chairman on 27/10/2020.
****Eng. Khair Abdullah Abu Saalik was appointed as a Vice chairman from 14/10/2002 to 27/10/2020, where he was renamed as a member in the committee on 27/10/2020.

Committees emanating from the Board of Directors	Supported Documents

Finance Committee:

No.	Member	Position
1.	Eng. Abed Alrahim Boucai*	Chairman
2.	Eng. Khair Abdullah Abu Saalik	Vice Chairman
3.	Mr. Bassam Rashad Sinokrot	Member
4.	Mr. Jamal Mohammed Fariz**	Member
5.	Eng. Abdel Karim Alawin	Member

* Eng. Abed Alrahim Fathi Boucai was elected as Vice Chairman of the Board of Directors as of 14/10/2020 instead of Eng. Alaa Arif Batayneh who became the Chairman of the Board of Directors.

** Mr. Jamal Mohammed Fariz named as a member of the financial committee on 4/08/2020.

Remuneration and Nominations Committee.

No.	Member	Position
1.	Dr. Mohammad Mahmoud Thneibat *	Chairman of the Committee
2.	Eng. Alaa Arif Batayneh**	Former Chairman
3.	Mr. Ibrahim Ahmad AbuDayyeh ***	Vice Chairman
4.	Mr. Ali Mohammad Al-Balawneh ****	Member
5.	Mr. Walid Yacoub Alnajjar *****	Former Vice Chairman
	Mr. Sleeman Fayyad Al-Shawabkeh ******	Member
	Dr. Samer Ibrahim Mofleh *******	Member

* Dr. Mohammad Mahmoud Thneibat was appointed as a member of the Board of Directors on 14/10/2020 on a temporariy basis, pending approval of his appointment by the General Assembly due to the vacancy of a seat in the Board of Directors as a result of the death of Mr. Walid Mithkal Asfour, he was appointed Chairman of the Remuneration and Nominations Committee on 27/10/2020.

** Eng. Alaa Arif Batayneh membership in the committee ended on 27/10/2020.

*** Mr. Ibrahim Ahmad AbuDayyeh was named Vice Chairman of the committee on 27/10/2020.

**** Mr. Ali Muhammad Al-Balawneh was named a representative of the Social Security Corporation to replace Mr. Sleeman Fayyad Al-Shawabkeh, on 17/02/2021, he was named a member in the committee on 24/03/2021.

***** Mr. Walid Yacoub Alnajjar was named Vice Chairman of the Nominations and Remuneration Committee until 27/10/2020, and his membership in this committee expired after this date.

****** Mr. Sleeman Fayyad Al-Shawabkeh was named a representative of the Social Security Corporation instead of Dr. Samer Ibrahim Al-Mofleh, as of 10/08/2020, His membership in the Board of Directors ended on 17/02/2021 where Mr. Ali Muhammad Al-Balawneh was named a representative of the Social Security Corporation to replace him, he was a member of the Remuneration and Nominations Committee from 9/9/2020 until the end of his membership in the Board of Directors of the company.

******* Dr. Samer Ibrahim Mofleh membership in the committee ended in 10/08/2020, where Mr. Sleeman Fayyad Al-Shawabkeh was named a representative of the Social Security Corporation instead of Dr. Samer Ibrahim Al-Mufleh, as of 10/08/2020.

Committees emanating from the Board of Directors			Supporting Documents
	Internal Audit and Control Committee.		
	No.	Member	Position
	1.	Eng. Shakib Abdel-Latif Odehallah	Chairman
	2.	Mr. Ahmad Adnan Alkhudari	Vice Chairman
	3.	Mr. Walid Yacoub Alnajjar *	Member
	4.	Eng. Alaa Arif Batayneh*	Former Chairman
	* Named as member in the committee on 27/10/2020. ** His membership in the committee ended on 27/10/2020.		
	Governance Committee.		
	No.	Member	Position
	1.	Mr. Jamal Mohammed Fariz	Chairman
	2.	Mr. Bassam Rashad Sinokrot	Vice Chairman
	3.	Eng. Khair Abdullah Abu Saalik	Member
	4.	Ms. Reem Yahya Ebzakh	Member
	Risk Management Committee.		
	No.	Member	Position
	1.	Eng. Abed Alrahim Fathi Boucai	Chairman
	2.	Mr. Jamal Mohammed Fariz	Vice Chairman
	3.	Eng. Abdel Karim Alawin	Member

Risk Management		Supporting Documents
1	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. 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 e company.	Evaluation form for the company's internal control system according to the concept of COSO.
2	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. An evaluation form for the Internal Control System of the company is prepared and submitted annually according to the concept of COSO.	Evaluation form for the company's internal control system according to the concept of COSO.
3	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. 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 3. Implement the recommendations of the investigation committees to prevent repetition of mistakes and abuses committed. 4. The letter from the auditing company to the Board of Directors regarding the mistakes that have been noticed during auditing activities as well as ways to overcome it in the future.	Reports of the Internal Control and Audit Unit, which are submitted and the recommendations of the investigation committees as well as report from the external auditing company.

Second: Corporate Governance Performance Assessment Card

Methodology:
- It is done with the approval of "Audit Committee emanating from the Board of Directors".
- "X" is marked in one of the boxes under the "Answers" column.

		Answers			
Criteria		Yes	To some extenet	No	Comments
1. Commitment to Corporate Governance Principles					
1-1	Has the company adopted written principles for its own Corporate Governance in line with national practices such as Corporate Governance rules listed on the Amman Stock Exchange and / or International practices, and has its implementation been evaluated annually?	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. Also, a Conflict of Interest Policy has been adopted by the Board of Directors for its own members, Executive Management, Employees, Disclosure policy and Dividend Policy as well as Risk Management Policy.
1-2	Is it easy for all stakeholders to have access to these principles (if any)?	X			
1-3	Does the company disclose its compliance with the Corporate Governance Guidebook listed on the Amman Stock Exchange, and does the company report deviations from these standards in its annual reports / Corporate Governance Compliance Report?	X			
1-4	Has the Board of Directors discussed in its meetings the Company's application of Corporate Governance Principles?	X			
2. Shareholders rights and relations with stakeholder					
2-1	Do the shareholders and / or their agents be notified of the date of General Assembly meetings and its agenda ahead of time (by hand or by mailbox 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 and on Company's website?)	X			Invitations are sent via mailbox, and in case mailbox is not available, invitations are hand delivered 21 days prior to the meeting, the announcement of the meeting is published at least twice in three local newspapers and on TV, audio-visual media, social media, as well as on the Company's website, also The company held the general assembly meeting on 15/06/2020 by means of visual and electronic communication, in accordance with the provisions of Clause (2) of Paragraph Two of Defense Order No. (5) of 2020, after obtaining the approvals from the Companies' Control to hold the meeting.

Criteria		Answers			Comments
Criteria		Yes	To some extenet	No	Comments
2. Shareholders rights and relations with stakeholder					
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 For is 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.
2-3	Do shareholders get a good opportunity in terms of 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, for example the invitation to the General Assembly meeting held on April 27, 2019, during which the members of the Board of Directors were elected.
2-6	Are the members of the Board of Directors elected by way of a cumulative vote in a secret manner?	X			General Assembly Meetings. For example the invitation for General Assembly Meeting held on 27/4/2019
2-7	Does the statute of the company 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, Also, a Conflict of Interest Policy has been adopted by the Board of Directors for its own members, Executive Management, Employees, Disclosure Policy and Dividend Policy as well as Risk Management Policy.

Criteria		Answers			Comments
		Yes	To some extenet	No	
2.Shareholders rights and relations with stakeholder					
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 (i.e., 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, compliance with the Companies Law and JSC's disclosure instruction and Governance 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 are notified of this through the financial statements, annual reports and disclosures in accordance with the disclosure instructions issued by the Securities Commission and the Governance Instructions. There is a Disclosure Policy approved by the Board of Directors.
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			There is contact through all possible means of communication and the company's website to receive any suggestions or complaints from the shareholders
2-14	Does the company have a written policy to regulate relationships with stakeholders?	X			The Supplies and Works System and there is a Conflict of Interest Policy for members of the Board of Directors, Executive Management and employees 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 following up 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 its session No. (5/2015) on 23/3/2015 to instruct the Senior Management to prepare the necessary procedures for making a written policy approved by the Board of Directors that outlines the way in which the process of disclosure of information is organized and the implementation of this policy in accordance with the requirements of the supervisory authorities and the legislation in force, There is a Disclosure Policy approved by the Board of Directors.

	Criteria	Answers			Comments
		Yes	To some extenet	No	
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			Commetted
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 Profit Distribution Policy approved by the Board of Directors, and the company discloses the proposed mechanism for distributing profits in accordance with the disclosure instructions issued by the Securities Commission and in accordance with 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, financial statements, and future plan of the company.
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 Assembly 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, important transactions, serious 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: formation of the Board of Directors, method of nominating Members, determining their Remuneration, the main Committees emanating from the Board of Directors, Members attendance, independence of Board of directors, Members information, and so on?	X			The annual report.
3-10	Does the company disclose its Corporate Social Responsibility (CSR) policy towards the community and the environment?	X			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 restructure and activate the company's website, which is currently activated and applied.

	Criteria	Answers			Comments
		Yes	To some extenet	No	
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			There is a Conflict of Interest Policy approved by the Board of Directors and it has special forms.
4-4	Are the bonuses 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 Board Members in accordance with the provisions of the Companies Law, and they 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. There is a conflict of interest policy approved by the Board of Directors.
4-6	Does 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 Meeting 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. This Work plan has been prepared.
4-9	Does the Board have principal 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			

	Criteria	Answers			Comments
		Yes	To some extenet	No	
4. The role and responsibilities of the Board of Directors and senior management					
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			
4-12	Does the Board discuss the company's Risk Strategy and how to reduce it?	X			There is a Risk Management Committee emanating from the Board of Directors
4-13	Do the Board of Directors and the committees emanating from it work according to clearly defined terms of reference and under a written policy?	X			Through Companies Law and Company's regulations.
4-14	Do the Audit, Nominations and Remuneration Committees carry out their responsibilities and roles?	X			
4-15	Does the Board of Directors 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 Companies' Law
4-17	Does the Board have a written and clear policy to deal with conflicts of interest?	X			The Board of Directors apThe Board of Directors approved a Conflict of Interest Policy for members of the Board of Directors, Executive Management and Employees.
5. Risk Management and Control					
5-1	Does the company have a clear Delegation Policy to identify authorized employees 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 its session No. (5/2015) on 3/23/2015 to appoint an employee to monitor the extent of compliance with the laws and regulations in force, the requirements of the supervisory institutions, the supervisory authorities, the policies, plans and procedures set by the Board of Directors, and there is an internal control and audit unit.
5-3	Does the Audit Committee consist of members with 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			

	Criteria	Answers			Comments
		Yes	To some extenet	No	
5. Risk Management and Control					
5-4	Does the company provide all facilities for Audit Committee needs to perform its responsibilities, including the ability to hire an outside expert when necessary?	X			It does not have the authority to hire an external expert except after obtaining the approval of the Board of Directors, and it uses the external auditor elected by the General Authority for Shareholders, where the Internal Control and Audit Committee meets with the external auditor at a minimum (4) times per year
5-5	Can the Audit Committee in accordance with the facilities available, verify the absence of a conflict of interest because of the company's transactions or contacts or projects with related parties?	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			Number of meeting was 5 times in year 2020
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, as he is elected by the General Assembly, and the Companies Law and Governance instructions in this regard are complied with
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 work procedures for internal control. As for risk management, a Risk Management Committee was formed, emanating from the Board of Directors, on 5/5/2019, and a department concerned with Risk Management was created in the company.
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 31/12/2020.

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.

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 **Eng. Shakib Abdel-Latif Odetallah**	Vice Chairman of the Control and Internal Audit Committee **Mr. Ahmad Adnan Alkhudari**	Member **Mr. Walid Yacoub Alnajjar**
signatures			

Date : 24/3/2021

Thirdly : Governance Report for 2020

1. Introduction:

Jordan Petroleum Refinery Company started to implement the principles stipulated in the Code of Corporate Governance of Listed Companies on the Amman Stock Exchange as of 2015 based on The Board of Directors decision issued in its session No. (5/2015) on 23/3/2015 as it is considered one of the elements for the success of companies to develop their performance. Noting that these principles became mandatory according to the decision of Securities Commission Board of Commissioners No. (146/2017) as from 22/5/2017.

In light of the developments in the national economy at all levels and in parallel with the efforts of the Securities Commission to establish a control and regulatory system on the performance of Shareholding companies, which will has a positive action on the financial market, and in compliance with the Corporate Governance Guidelines, this part of the 65th Annual Report of the Jordan Petroleum Refinery Company has been allocated to contain the functions of the Board of Directors and emanating committees from the Board of Directors which are: Central Tenders Committee, Financial Committee, Remuneration and Nominations Committee, Internal Audit and Control Committee, Governance Committee, Risk Management Committee, and all the corporate governance requirements of shareholding companies listed on the Securities Commission.

2. Board of Directors functions and the number of times of attendance of the Board meetings:

- The Board of Directors is consisted from of thirteen independent and non-executive members, all have adequate qualifications, experience and knowledge, they have all the necessary qualifications, knowledge and experience in administrative and financial matters, rights and duties, The Board representing the maximum number of members of the Board based on Article 32 (a) of the Companies Law, to be the represent the largest number of shareholders. The Chairman of the Board and his Deputy are elected from the members, The Board of directors sets strategies, policies, plans, procedures and objectives that will achieve the goals of the company and the rights of shareholders and community service and take all necessary measures to ensure compliance with the provisions of the legislation in force.

• Following is a list of the names of the current and resigned Board members of the Jordan Petroleum Refinery Company, as well as the legal and natural entities and their administrative positions, and the number of times attending board meetings during 2020 (number of meetings is 14):

No.	Member	Position	Number of Attend-ances/ number of meeting	Attendance Percentage
1	Eng. Alaa Arif Batayneh *	Chairman	14/14	100 %
2	Mr. Walid Mithkal Asfour**	Former Chairman	6/10	60 %
3	Representative of Abed Alrahim Boucai & Partners Co.) Eng. Abed Alrahim Fathi Boucai***	Vice Chairman	13/14	93 %
4	Eng. Khair Abdullah Abu Saalik	Board Member	14/14	100 %
5	Mr. Bassam Rashad Sinokrot	Board Member	12/14	86 %
6	Mr. Ahmad Adnan Alkhudari	Board Member	13/14	93 %
7	Representative of the Social Security Fund of the Engineers Association) Eng. Shakib Abdel-Latif Odetallah	Board Member	14/14	100 %
8	(Representative of the Islamic Development Bank- Jeddah) Mr. Jamil Ali Darras	Board Member	8/14	57 %
9	Mr. Walid Yacoub Alnajjar	Board Member	13/14	93 %
10	Mr. Jamal Mohammed Fariz	Board Member	14/14	100 %
11	Mr. Ibrahim Ahmad AbyDayyeh	Board Member	14/14	100 %
12	(Representative of Social Security Corporation) Ms. Reem Yahya Ebzakh	Board Member	14/14	100 %
13	Dr. Mohammad Mahmoud Al-Thneibat ******	Board Member	3/3	100 %
14	Representative of the Social Security Corporation) Mr. Ali Muhammad Al-Balawneh *****	Board Member	-	-
15	(Representative of the Social Security Corporation) Mr. Sleeman Fayyad AL-Shawabkeh ****	Board Member	5/5	100 %
16	Representative of the Social Security Corporation) Dr. Samer Ibrahim Mofleh****	Board Member	9/9	100 %

* Eng. Alaa Arif Batayneh was elected as Chairman of the Board of Directors as of 14/10/2020 succeeding Mr. Walid Mithkal Asfour who pass away on 9/10/2020.

** Mr. Walid Mithkal Asfour's membership ended in October 9, 2020, due to his death.

*** Eng. Abed AlRahim Fathi Boucai was elected as Vice-Chairman of the Board of Directors on 10/14/2020, succeeding Eng. Alaa Arif Al-Batayneh, who became Chairman of the Board of Directors on 10/14/2020.

**** Mr. Sleeman Fayyad AL-Shawabkeh was named as a representative of the Social Security Corporation to replace Dr. Samer Ibrahim Mofleh, on 10/8/2020.

***** Mr. Ali Muhammad Al-Balawneh was named as a representative of the Social Security Corporation to replace Mr. Sleeman Fayyad Al-Shawabkeh in February 17/2021

****** Dr. Mohammad Mahmoud Thneibat was appointed as a member of the Board of Directors on 10/14/2020 on temporary basis, pending approval of his appointment by the General Assembly due to the vacancy of a seat in the Board of Directors as a result of the death of Mr. Walid Mithkal Asfour.

3.Memberships of the Board of Directors member in other shareholding companies:

No.	Member	Position	member in Board of Directors of other companies
1	Eng. Alaa Arif Batayneh *	Chairman	-Arab Bank - Euro Arab Insurance Group
2	Mr. Walid Mithkal Asfour **	Former chairman	-Jordan Insurance Company -Arab East for Investments
3	Eng. Abed AlRahim Fathi Boucai *** (Representative of Abed AlRahim Boucai Company)	Vice Chairman	- AlRai /Press Foundation - Jordan Pipes Manufacturing Co.
4	Eng. Khair Abdullah Abu Saalik	Board Member	- Jordan Pipes Manufacturing Co.
5	Mr. Bassam Rashad Sinokrot	Board Member	- Jerusalem Insurance Co.
6	Mr. Ahmad Adnan Alkhudari	Board Member	N/A
7	Eng. Shakib Abdel-Latif Odetallah (Representative of the Social Security Fund of the Engineers Association)	Board Member	N/A
8	Mr. Jamil Ali Darras (Representative of the Islamic Development Bank-Jeddah)	Board Member	N/A
9	Mr. Walid Yacoub Alnajjar	Board Member	- Amman Stock Exchange Company - Palestine Investment Bank
10	Mr. Ibrahim Ahmad Abo Diya	Board Member	N/A
11	Mr. Jamal Mohammed Fariz	Board Member	- Trade Facilities Co. - United Cables Industries Co.
12	Ms. Reem Yahya Abzakh (Representative of the Social Security Corporation	Board Member	N/A
13	Dr. Mohammad Mahmoud Thneibat ******	Board Member	Jordan Phosphate Mines Co.
14	Mr. Ali Mohammed Albalawneh (Representative of the Social Security Corporation) *****	Board Member	N/A
15	Eng. Sleeman Fayyad AL-Shawabkeh **** (Representative of Social Security Corporation from 9/9/2020 to 31/12/2020)	Board Member	N/A
16	Dr. Samer Ibrahim Mofleh ***** (Representative of Social Security Corporation from 1/1/2020 to 9/9/2020)	Board Member	N/A

* Eng. Alaa Arif Batayneh was elected as Chairman of the Board of Directors as of 14/10/2020 succeeding Mr. Walid Mithkal Asfour who pass away on 9/10/2020.

** Mr. Walid Mithkal Asfour's membership ended in October 9, 2020, due to his death.

*** Eng. Abed AlRahim Fathi Boucai was elected as Vice-Chairman of the Board of Directors on 10/14/2020, succeeding Eng. Alaa Arif Batayneh, who became Chairman of the Board of Directors on 10/14/2020.

****Mr. Sleeman Fayyad AL-Shawabkeh was named as a representative of the Social Security Corporation to replace Dr. Samer Ibrahim Mofleh, on 10/8/2020.

*****Mr. Ali Mohammad Al-Balawneh was named as a representative of the Social Security Corporation to replace Mr. Sleeman Fayyad AL-Shawabkeh, in February 17/2021

******Dr. Mohammad Mahmoud Thneibat was appointed as a member of the Board of Directors on 10/14/2020 on temporary basis, pending approval of his appointment by the General Assembly due to the vacancy of a seat in the Board of Directors as a result of the death of Mr. Walid Mithkal Asfour.

4. Committees of the Board of Directors:

The Board of Directors performs its missions 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 adoption of the appropriate decisions and approving the minutes of their meetings, and in accordance with the systems implemented in the company. The Board also delegates the senior management to take decisions in accordance with the powers stipulated in the systems implemented in the company that include:

1. The Company's Internal System.
2. Supplies and Works System.
3. Financial System.
4. Employees System.
5. System and Guidebook of Internal Audit and Control Unit.

Following table shows the Committees emanating from the Board of Directors, members' names, their position and attendances:

Central Tenders Committee:
The number of meetings of the Central Tenders Committee is (8) meetings in the year 2020, and the following table shows the attendance:

No.	Member	Number of meetings (8)		
		Position	Number of invitations to convene	Number of attendances
1	Eng. Alaa Arif Batayneh*	Chairman	3	3
2	Mr. Walid Mithkal Asfour **	Former Chairman	5	5
3	Eng. Abed AlRahim Fathi Boucai***	Vice Chairman	8	7
4	Eng. Khair Abdullah Abu Saalik****	Member	8	7
5	Mr. Bassam Rashad Sinokrot	Member	8	5
6	Eng. Abdel Karim Alawin	Member	8	8

* Eng. Alaa Arif Batayneh was elected as Chairman of the Board of Directors on 14/10/2020 succeeding Mr. Walid Mithkal Asfour who pass away on 9/10/2020, and he was appointed as Chairman of the Central Tenders Committee on 27/10/2020.
** Mr. Walid Mithkal Asfour's membership ended in October 9, 2020, due to his death.
*** Eng. Abed AlRahim Fathi Boucai was elected as Vice-Chairman of the Board of Directors on 10/14/2020, he was named Vice Chairman of the Central Tenders Committee until 14/10/2020, as he became Chairman of the Central Tenders Committee on this date until 27/10/2020, as he was named on this date as Vice Chairman of the Central Tenders Committee.
****Mr. Sleeman Fayyad AL-Shawabkeh was named Deputy Chairman of the Central Tenders Committee from 14/10/2020 until 27/10/2020, as he was named on this date as member in the committee.

Finance Committee :
The number of meetings of the Financial Committee is (5) meetings in the year 2020, and the following table shows the attendance:

No.	Member	Number of meetings (5)		
		Position	Number of invitations to convene	Number of attendances
1	Eng. Abed AlRahim Fathi Boucai*	Chairman	5	5
2	Eng. Khair Abdullah Abu Saalik	Vice Chairman	5	4
3	Mr. Bassam Rashad Sinokrot	Member	5	4
4	Mr. Jamal Fariz**	Member	2	2
5	Eng. Abdel Karim Alawin	Member	5	5

*** Eng. Abed AlRahim Fathi Boucai was elected as Vice-Chairman of the Board of Directors as of 14/10/2020, succeeding Eng. Alaa Arif Batayneh, who became Chairman of the Board of Directors on 14/10/2020.
* Mr. Jamal Fariz was appointed as Committee Member starting from 4/8/2020.

Remuneration and Nominations Committee.
The number of Nomination and Remuneration Committee meetings is (4) meetings in year 2020, and the following table shows the attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1	Dr. Mohammad Mahmoud Thneibat	Chairman of the Committee	-	-
2	Eng. Alaa Arif Batayneh**	Former Chair-man	4	4
3	Mr. Ibrahim Ahmad AbuDayyeh ***	Vice Chairman	-	-
4	Mr. Ali Mohammad Al-Balawneh ****	Member	-	-
5	Mr. Walid Yacoub Alnajjar *****	Former Vice Chairman	4	4
6	Mr. Suleiman Fayad Al-Shawabkeh ******	Member	-	-
7	Dr. Samer Ibrahim Mofleh *******	Member	3	3

* Dr. Mohammad Mahmoud Thneibat was appointed as a member of the Board of Directors on 14/10/2020 on temporary basis, pending approval of his appointment by the General Assembly due to the vacancy of a seat in the Board of Directors as a result of the death of Mr. Walid Mithkal Asfour, he was appointed chairman of the Remuneration and Nominations Committee on 27/10/2020.

** Eng. Alaa Arif Batayneh membership in the committee ended on 27/10/2020.

*** Mr. Ibrahim Ahmad AbuDayyeh was named Vice chairman of the committee on 27/10/2020.

**** Mr. Ali Mohammad Al-Balawneh was named a representative of the Social Security Corporation to replace Mr. Sleeman Fayyad Al-Shawabkeh, on 17/02/2021, he was named a member in the committee on 24/03/2021.

***** Mr. Walid Yacoub Alnajjar was named Vice Chairman of the Nominations and Remuneration Committee until 27/10/2020, and his membership in this committee ended after this date.

****** Mr. Sleeman Fayyad Al-Shawabkeh was named a representative of the Social Security Corporation instead of Dr. Samer Ibrahim Al-Mofleh, as of 10/08/2020, His membership in the Board of Directors ended on 17/02/2021 where Mr. Ali Mohammad Al-Balawneh was named a representative of the Social Security Corporation to replace him, he was a member of the Remuneration and Nominations Committee from 9/9/2020 until the end of his membership in the Board of Directors of the company.

******* Dr. Samer Ibrahim Mofleh membership in the committee ended in 10/08/2020, where Mr. Sleeman Fayyad Al-Shawabkeh was named a representative of the Social Security Corporation instead of Dr. Samer Ibrahim Al-Mofleh, as of 10/08/2020.

Internal Audit and Control Committee.
The number of meetings of the Internal Audit and control Committee is (5) in year 2020. The following table shows the attendance:

No.	Member	Position	Number of invitations to convene	Number of attendances
1	Eng. Shakib Abdel-Latif Odehallah	Chairman	5	4
2	Mr. Ahmad Adnan Alkhudari	Vice Chairman	5	5
3	Mr. Walid Yacoub Alnajjar *	Member	-	-
4	Mr. Ibrahim Ahmad AbuDayyeh **	Member	3	5

* Mr. Walid Yacoub Alnajjar was Named as member in the committee on 27/10/2020.

** Mr. Ibrahim Ahmad AbuDayyeh membership in the committee ended on 27/10/2020.

Governance Committee. The number of meetings of the Governance Committee is (2) in year 2020, and the following table shows the attendance:				
No.	Member	Position	Number of invitations to convene	Number of attendances
1	Mr. Jamal Mohammed Fariz	Chairman	2	2
2	Mr. Bassam Rashad Sinokrot	Vice Chairman	2	2
3	Eng. Khair Abdullah Abu Saalik	Member	2	2
4	Ms. Reem Yahya Ebzakh	Member	2	1

5.Risk Management Committee.

The number of meetings of the Risk Management Committee is (2) meetings in year 2020, and the following table shows the attendance:				
No.	Member	Position	Number of invitations to convene	Number of attendances
1	Eng. Abed Alrahim Fathi Boucai	Chairman	2	2
2	Mr. Jamal Mohammed Fariz	Vice Chairman	2	2
3	Eng. Abdel Karim Alawin	Member	2	2

6.Internal Audit and Control

• The Board of Directors set a group of procedures to review the effectiveness of the Internal Control/Audit System, for example:

1. 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 setting a plan for the development of the internal control/oversight system in the company.

• Addressing any failures or weaknesses discovered in the internal Control/Audit System through the following actions :

1. 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 Unit on the work of the company's various departments.
3. Implement the recommendations of the commissions of inquiry to prevent repetition of committed mistakes and abuses.
4. Implement external auditor's recommendations mentioned in its report presented to the Board of directors to solve the weakness points which discovered.

7.Executive positions in the company and the names of the persons who occupy them:

Name	Current Position	Date of Appointment
Eng. Abdel Karim Hussein Alawin	Chief Executive Officer	28/10/1978
Eng. Khaled Mohammed Al-Zoubi	General Manager of the Petroleum Products Marketing Co.	21/9/2013
Eng. Kamal Waleed Al-Tall	Refinery Executive Director	9/10/1982
Eng. Hani Ahmad Shawash	Advisor to the Chief Executive Officer for Technical Affairs	9/7/2008
Mr. Mones Naem Emran Madani⁎	Executive Director/Financial Affairs	16/11/2019

⁎His Contract of employment was terminated on 14/2/2020.

8.Liaison Officer:

The Manager of the Finance Department/Mr. Abdulrahman Yassin Asaad, has been assigned to carry out the work of the Corporate Governance Officer to follow up the matters related to the Company's governance applications with the Securities Commission

Eng. Alaa Batayneh
Board Chairman

Fifteenth: Administrative Affairs:

First: Training and Development:

Jordan Petroleum Refinery Company recognizes the importance that all employees have the opportunity develop their careers and 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 2020:

1.Training of Employees.

a.Delegating (30) employees to attend training courses (technical, administrative, financial) and other activities inside Jordan executed through (7) training programs.

b.Delegating (4) employees to attend various courses, exhibitions, conferences, and official assignments outside Jordan executed through (2) activities.

No.	Category of Training Activity	Inside the Kingdom		Abroad	
		Number of training activities	Number of employees	Number of training activities	Number of employees
1	Technical Courses	3	7	1	2
2	Occupational Safety and Health Courses	1	20	0	0
3	Conferences, Seminars & Workshops Exhibitions	3	3	1	2
Total		**7**	**30**	**2**	**4**

2.Training for University Students and Fresh Graduates

a.As part of the company's vision for serving the local community, and to contribute to reduce unemployment among graduates by providing them with practical experience, and qualifying them to enter the labor market, company provides (16) training opportunities in 2020 for fresh graduated engineers and undergraduates, in addition to (10) training opportunities for engineers in cooperation with Jordanian Engineers Association.

b.As part of cooperation with various universities, colleges and institutes, the delegates from the IAESTE Organization and the Arab Council for the exchange of Arab university students, a total number of (125) students (male and female) were trained within the training program for completing graduation requirements.

Second: Manpower:

a.The total number of employees in the company as on December 31, 2020 reached (2594) employees / workers distributed as follows:

Employment Particulars type	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	1945	%92.66	15	%3	1960	75 %
Annual Contract	145	%6.91	419	%85	564	%22
Temporary Contract *	9	%0.43	61	%12	70	%3
Total	**2099**	**%100**	**495**	**%100**	**2594**	**%100**

*Temporary Contracts (6) months.

b. The Following table shows a comparison between numbers of staff and workers in the Company for the years 2019 - 2020:

Employment Particulars type/Year	2019		2020	
	Mother Company/ Jordan Petroleum Refinery	Subsidiary/ Petroleum Products Marketing Company	Mother Company/ Jordan Petroleum Refinery	Subsidiary/ Petroleum Products Marketing Company
Classified	2062	16	1945	15
Annual Contract	190	369	145	419
Temporary Contract*	13	109	9	61
Total	2265	494	2099	495
	2759		**2594**	

*Temporary Contracts (6) months.

c. The following table and pie chart show the distribution of all employees according to their category or rank group as of December 31, 2020:

Category / Rank group	Mother company/Jordan petroleum Refinery			Total for Mother Company/ Jordan Petroleum Refinery Company	Percentage for Mother Company/ Jordan Petroleum Refinery	Subsidiary/ Petroleum products Marketing company			Total for Subsidiary/ Petroleum Products Marketing Company	Percentage for Subsidiary/ Petroleum Products Marketing Company	Total for Mother Company/ Jordan Petroleum Company Refinery And Subsidiary/ Petroleum products Marketing Company	Percentage for Mother Company/ Jordan Petroleum Refinery Company And Subsidiary/ Petroleum Products Marketing Company
	Classified/Permanent	Annual Contract	Temporary Contracts*			Classified/Permanent	Annual Contract	Temporary contract*				
Special	9	1	0	10	0.48%	0	0	0	0	0.0%	10	0.39%
First	174	2	0	176	8.38%	1	7	0	8	1.62%	184	7.09%
Second	1275	125	0	1400	66.70%	4	8	0	12	2.42%	1412	54.43%
Third	487	17	0	504	24.01%	9	20	0	29	5.86%	533	20.55%
Fourth	0	0	0	0	0.0%	1	384	61	446	90.10%	446	17.19%
Temporary contracts*	0	0	9	9	0.43%	0	0	0	0	0.0%	9	0.35%
Total	**1945**	**145**	**9**	**2099**	**100%**	**15**	**419**	**61**	**495**	**100%**	**2594**	**100%**

**Temporary Contracts (6) months

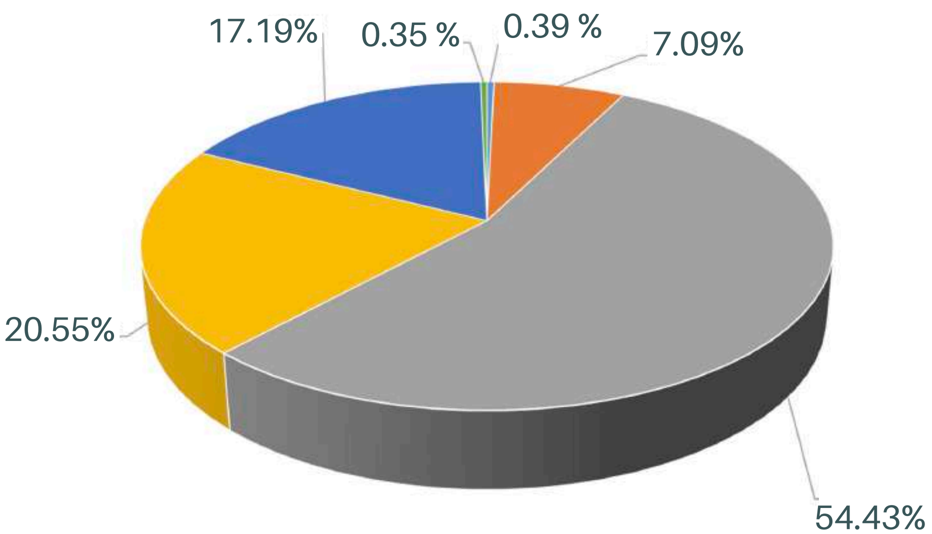
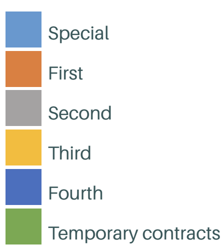


Chart Tidistribution of all Employees according to their category or rank group



d. The following table and pie chart show the distribution of all employees according to their educational qualifications, as on December 31, 2020:

Category / Rank group	Mother Company/ Jordan Petroleum Refinery			Total for Mother Company/ Jordan Petroleum Refinery Company	Percentage for Mother Company/ Jordan Petroleum Refinery Company	Subsidiary/ Petroleum products Marketing company			Total for Subsidiary/ Petroleum Products Marketing company	Percentage for Subsidiary/ Petroleum Products Marketing Pompany
	Classified/ permanent	Annual Contract	Temporary contract*			Classified/ permanent	Annual Contract	Temporary contract*		
Engineering Degrees/Different Disciplines	114	25	0	139	6.62%	1	36	4	41	8.28%
University Degrees (Except Engineering)	136	21	0	157	7.48%	8	150	15	173	34.95%
Diploma Degrees	222	13	0	235	11.20%	3	42	5	50	10.10%
High School Degrees	346	67	0	413	19.68%	1	33	3	37	7.48%
Vocational Centers	208	5	7	220	10.48%	0	17	3	20	4.04%
Vocational Competency	2	0	1	3	0.14%	0	2	0	2	0.40%
Craftsman Centers	19	0	0	19	0.90%	0	0	1	1	0.20%
Less than high school Degree	898	14	1	913	43.50%	2	139	30	171	34.55%
Total	**1945**	**145**	**9**	**2099**	**%100**	**15**	**419**	**61**	**495**	**%100**

*Temporary Contracts (6) months.

Sixteenth : Safety and Environment:

Since its establishment, the company has been keen on the safety of its employees and facilities, based on its concept (safety first). This was represented in issuing and adopting a clear health, safety and environment policy. The company also aims to instill the concept of a "safety culture" among its employees by emphasizing that safety is everyone's responsibility by involving direct heads employees in decision-making and setting the necessary procedures to ensure the safe operation of equipment and by providing personal protective equipment for the employees as required by the company's safety regulations.

Listed below are some of the main achievements that the company did to raise the level of safety during the year 2020:

First: Safety Section:

1.Issuing of a revised Safety Regulations Manual, Arabic and English.
2. All protection supplies have been provided to prevent the spread of the Corona virus, such as face masks, gloves, and thermometers, and implementation of the health protocol procedures for dealing with the pandemic issued by the competent authorities, and a monitoring system has been established to ensure that company employees adhere to the necessary preventive instructions and procedures.
3. Developing an electronic system to monitor safety and environmental issues.
4.Activating the job safety analysis system (JSA).
5.Monitoring the application of work permits in the refinery various areas, including analyzing the risk of work and training workers on how to implement them.
6. Implementing new mechanism for distributing and boosting first aid boxes in accordance with the requirements of the Jordanian Labor Law.
7. Updating the evacuation and emergency maps for the Refinery sites.
8. Providing personal safety equipment and updating its specifications.
9. Publishing the culture of (safety is the responsibility of all) between workers through continuous training and other awareness methods.
10. Inspecting work sites through daily field tours for the refinery units and related facilities.
11. Carrying out field tours to audit the compliance with the safety requirements of the various refinery departments.
12. Issuing annual accident statistics, analyzing results and following up with the company's departments to reduce it.
13. Updating material safety bulletins for petroleum products and publish them on the company official website.
14. Following up contractors in various work sites and ensure their commitment to safety requirements.
15. Inspecting the road petroleum products tankers at the loading and unloading stations at the refinery to verify the compliance with safety requirements.
16. Obtaining radioactive licensing of radiation equipment and personnel working on this equipment.

Second: Environment section:

Based on the company's commitment in environmental conservation towards the local community and reflecting of its stated policy for maintaining a healthy environmental, the company has taken the following steps and activities:

1.Evaluating and analyzing the results of the "Ambient Air Quality Monitoring" report in the refinery that was conducted by the Royal Scientific Society to treat defects, if any.
2.Preparing the Terms of Reference (TOR) for the development of a new company's Environmental and Social Management System (ESMS).
3.Applying the Management of change system (MOC) on various projects in the refinery, and a series of training courses were held.
4.Completing the oily sludge treatment project and final project report issued.
5.Work is in progress to conduct an environmental audit of the existing refinery in accordance with international requirements.
6.Continuing to dispose the hazardous wastes resulting from the refinery activities in the hazardous waste treatment center in accordance with laws and regulations.
7.Monitoring the levels of gaseous emissions and the environmental situation in the refinery units and the surrounding areas.
8.Monitoring the noise level inside the different refinery sites.
9.Monitoring the performance of the Industrial Wastewater Treatment unit.
10. Following up the cleaning and rearranging of all Refinery yards (Housekeeping).

Sulphur Recovery Unit

Seventeenth : 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 2020, the Company donated JD (2,321,450) to the following entities:

	Recipients of donations	Donation, in (JD)
1.	Himmat Watan Fund to eliminate the economic and social consequences of the Corona virus	2,000,000
2.	Ministry of Health to confront the Coronavirus pandemic	100,000
3.	Nawa Foundation - Initiative of His Highness the Crown Prince	100,000
4.	King Hussein Cancer Center	25,000
5.	Hashimiya Municipality	25,000
6.	Goodwill Campaign	15,000
7.	JPRC labor Union	10,000
8.	Al- Hashimiya Sports Club	10,000
9.	Jordan Environment Society	7,500
10.	Jordanian Association for Medical Aid for Palestinians	5,000
11.	Al-Hashimiya District Cooperative Society	5,000
12.	National Society for Consumer Protection	5,000
13.	Prince Ali bin Al-Hussein Club	2,500
14.	Al-Siddiq Charity Society	2,000
15.	Anwar Makkah Mosque Construction Committee	2,000
16.	Jordan Strategies Forum Association	2,000
17.	Islamic Culture Association	2,000
18.	Jordanian Traffic Accident Protection Society	1,000
19.	Goodwill Parcels Campaign / RAMADAN Month	1,000
20.	Al-Bireh Charity Society	1,000
21.	The Local Council of The Aqaba City Security Center	250
22	Friendly Corporate Friendship Championship	200
Total		**2,321,450**

In-kind Donations provided by the Company during 2020 amounted to JD (5,223) distributed to the following entities:

	Entity details	Donation, in (JD)
1.	Martyr Rashid Al-Zyoud Association	351
2.	SAYYED AL-MORSALEEN Mosque - Yarqa	700
3.	Hashimiya Municipality	4,000
4.	Jordan Armed Forces - Strategic Reconnaissance Battalion	172
Total		**5,223**

Eighteenth : Capital Projects:

First : The most important capital projects that have been completed during the year 2020:

- Design and installation of firefighting and fire detection systems for electric generators and related control room, at a cost of JOD (97) thousand.
- Civil works required for the installation of the new Air Blower in FCC unit at a cost of JOD (275) thousand.
- Construction of various metal Works at Saladin LPG filling station and Refinery sites at a cost of JOD (109) thousands.
- Installation and implementation of electromechanical works for LPG cylinder filling unit project at a cost of JOD (176) thousand.
- Installation of Ø8" pipeline for gasoline and Ø3" pipe line at a cost of JOD (56,000).
- Installation of new Air Blower (purchased previously at a cost of 3 million JOD) in the FCC unit at a cost of JOD (900,000) including the cost of construction, mechanical, electrical and instrument works, the cost of materials and control panels and special design valves, in addition to the cost of supervision of commissioning which is expected during 2021.
- Purchase of (2) LPG pumps for Zarqa site at a cost of (225,000) JOD.
- Purchase of (4) pumps for CDU-1 & CDU-2 units at a cost of (160,000) JOD.
- Purchase of (2) pumps for FCC unit at a cost of (155,000) JOD.
- Purchase of (4) pumps for Gasoline and Naphtha products at a cost of (125,000) JOD.
- Purchase of asphalt pumps for Asphalt Unit at a cost of (85,000) JOD.
- Supply of (3) horizontal lathes at a cost of (85,000) JOD.
- Supply an agricultural tractor to serve the refinery gardens at a cost of (23,000) JOD.
- Supply of (2) LPG pumps for Irbid LPG filling station at a cost of (155,000) JOD.
- Yearly basis Tender for the purpose of construction of cable trenches and opening concrete covers of cable trenches inside Refinery's various units at a cost of JOD (40) thousands.
- Yearly basis Tender for the purpose of construction and maintenance of equipment, pipe supports and tanks foundations and retaining walls at various locations inside the Refinery site at a cost of (40) thousands JOD
- Completion of construction and upgrading of (11) fuel stations throughout the Kingdom .

Second: Current Capital Projects that will be completed during the year 2021:

- Construction of a new firefighting pipeline network in site refinery at an estimated cost of (1.1) million JOD.
- Design, supply, installation and operating of automatic firefighting systems for Main stores and lube oil plant at an estimated cost of (368,000) JOD.
- Civil works that are necessary to lay fire detection cables of floating roof tanks, as well as, renovation of existing cathodic protection system of underground firewater network at the Refinery site at an estimated cost of (90) thousands JOD.
- Various civil works in Amman and Irbid LPG Stations and Amman Civil Airport to construct buildings for the installation of metal awnings for cars at an estimated cost of JOD (37) thousand.
- Design, manufacturing, welding, testing & supply of new complete top elbows for the Hydrocracker Unit Reactors No. 308-R-1X & No. 308-R-2X at an estimated cost of (126,000) JOD.
- Purchase of (6) top loading arms for products loading area at an estimated cost of (75,000) JOD.
- Purchase of (3) water circulation pumps for API separator at an estimated cost of (70,000) JOD.
- Installation and upgrade of (15) fuel stations at various location in the Kingdom
- Supply of (3)water circulation pumps for the oil separator at an estimated cost of (100) thousands JOD.
- Supply of a new pressure vessel to replace existing old one in FCC unit at an estimated cost of (90,000) JOD.
- Purchase of new pressure vessels to replace old ones in Crude Distillation Unit No.1 at an estimated cost of (80,000) JOD.
- Purchase of (6) top loading arms with overfill alarm system at estimated cost of (80,000) JOD
- Replacing the excitation system (AVR) of Steam turbine generator TG4 with new one at a cost of JOD 70000.
- Shifting Existing fence along x-Weaving Factory land to the land boundaries at an estimated cost of (70) thousands JOD.
- Purchase of (Reformulyze) apparatus for testing of gases, at an estimated cost of JOD (70) thousand
- Construction of slop tanks with a capacity of 500 m3 at an estimated cost of JOD (60,000).
- Purchase of (6) man lifts, at an estimated cost of JOD (60) thousand
- Purchase of a common service pump (Kerosene and Diesel) with double mechanical seal for Crude Distillation Unit No.3 at an estimated cost of (50,000) JOD.

Third: Fourth Expansion Project:

With regard to the fourth expansion project, Messrs. Tecnicas Reunidas (Spain) completed the preparation of the FEED documents, based on the documents of Messrs. KBR and UOP (USA) as technology owners, as well as after contracting with SCB Bank as a financial advisor with the intention of attracting investors and financiers for the project and contracting with Freshfields as a legal International advisor, Messrs.
Technip (UK branch) were contracted in June 2020 as a contractor to manage the project, prepare the qualification requirements of construction and financing contractors (EPCF), evaluate their offers and select the qualified contractor, an to supervise the project construction works, noting that Technip has completed the pre-qualification stages for the construction and financing contractors and the selection of the qualified contractor in coordination with all the consultants, and the bidding documents relevant to the project construction were sent to these contractors, provided that their bids are to be received in mid-July 2021.

In addition to the above, the refinery contracted Ernst & Young and Wood Mackenzie to prepare due diligence reports on which the investors and financiers rely from accounting and commercial aspects to evaluate their participation in the project and take the appropriate decision regarding their participation in the financing process. AON has also been appointed as an insurance advisor for the fourth expansion project to cover the issues related to policies, programs and insurance requirements for the project to meet the requirements of financiers and investors, in addition, ECO and WKC have been assigned to act as an environmental expert (as they prepared the environmental assessment study for the project), the two companies have worked on preparing a gap study for the environmental and social impact assessment study of the project and they will prepare terms of reference in coordination with the Ministry of Environment regulations to cover all the activities of the refinery (refining activity, liquefied gas activity, petroleum products marketing company and the Lube Blending Plant activates) in order to meet the requirements of investors regarding the inclusion of all the company's activities in the study. In this context, it is planned to select the EPCF contractor by the first quarter of 2022, as the execution of the project will begin after the completion of the financial closure, which is expected to be reached during the year 2022, the total amount paid on the project until the end of 2020 is around JOD (41) million, an it is expected that an additional JOD (10) million will be paid during 2021.

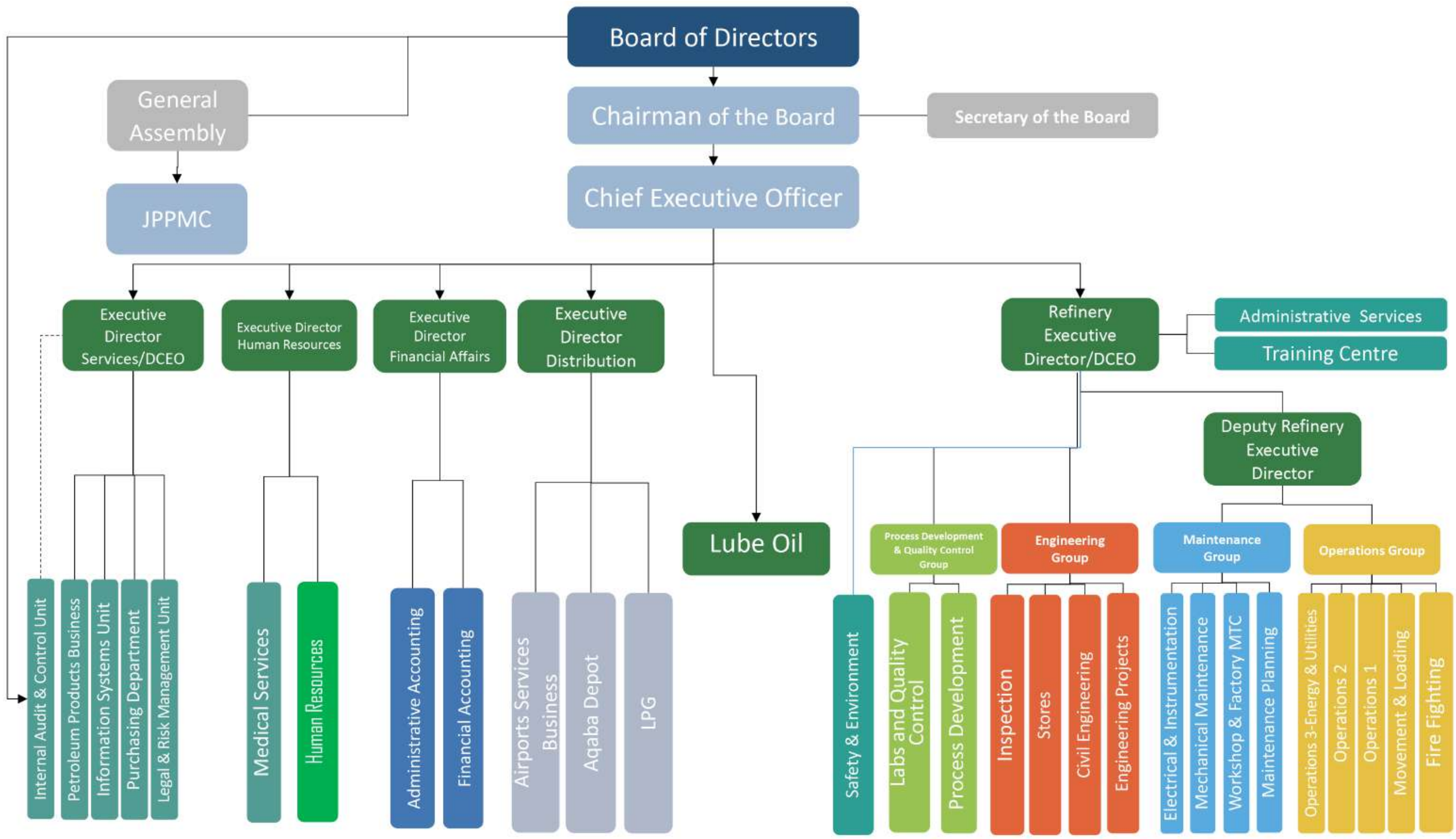
Ninteenth: The Geographical Distribution of the Company's Property and Equipment and its Employees as on 31/12/2020

The following table shows the geographical distribution of the company's fixed assets and the employees working at each location:

Location	Company property and equipment			Employees			Total (Employee)
	Book Value (JOD)	Accumulated depreciation (JOD)	Net value of assets (JOD)	Classified (Employee)	Annual Contracts (Employee)	Temporary contracts* (Employee)	
Amman	108,636,364	44,189,401	64,446,963	349	209	22	580
Al-Zarqa	322,614,920	275,635,247	46,979,673	1244	280	36	1560
Irbid	22,925,183	14,454,676	8,470,507	80	17	2	99
Karak	3,021,239	1,302,091	1,719,148		10	4	14
Ajloun	11,944,422	3,736,926	8,207,496				
Jerash	423,186	285,869	137,317		5		5
Ma'an	811,516	449,636	361,880				
Tafelah	348,748	249,825	98,923		1	3	4
AlMafraq	3,585,386	1,396,655	2,188,731		8		8
Madaba	936,821	651,353	285,468				
Al-Balqa	3,633,416	787,020	2,846,396		10	3	13
Aqaba	30,119,918	25,755,546	4,364,372	287	24		311
Total	**509,001,119**	**368,894,245**	**140,106,874**	**1960**	**564**	**70**	**2,594**

*Temporary Contracts (6) months.

Twenty one: Company's Organization Chart



Twenty-One :Other Explanatory Notes:

1. Operations of a non-recurring nature that are not within the main activity of the company did not occur during the year 2020, except the consequences of the Coronavirus pandemic.

2. Given that the crude-oil-producing countries, also known as OPEC+, did not reach an agreement on reducing production during March 2020, which was also accompanied by the Corona virus pandemic, the crude oil and finished oil derivatives' prices were negatively affected by the increase in supply and the decrease in demand, as well as the decrease in demand caused by the change in social behavior resulting from the lockdown imposed in the Kingdom and different countries around the world. The demand for finished oil derivatives in the Kingdom was also affected, specifically, during the period from March 18, 2020 until the end of May 2020. Moreover, Jet-fuel sales are still being affected due to the precautionary measures to prevent the spread of the coronavirus implemented by countries on the movement of aircraft and transportation between countries.

   The decline in the prices of crude oil and finished oil derivatives during the year 2020 led to a decrease in the value of the Company's inventory, as the Company evaluates its inventory at cost or realizable value, whichever is lower, in accordance with the International Financial Reporting Standards. This matter caused the Company to incur losses resulting from the decrease in the value of its inventory at the end of the year compared to the value of its inventory at the beginning of the year, despite the fact that the Company maintained its inventory quantities in a manner that would make up for the future losses arising from its inventory devaluation. Accordingly, the Company reduced all its costs to the minimum possible during the year 2020, and during the year 2020, it imported the equivalent of four million barrels of crude oil at low prices. This greatly alleviated the impact of the decline in the value of its inventory resulting from the decline in international prices of crude oil and oil derivatives.

   In light of the recovery of crude oil prices and oil derivatives as a result of the crude- oil-producing countries reaching an agreement to reduce their production, and as a consequence of the return to normal life in light of the world adaptation to coexist with the Corona virus pandemic, the Company hopes to recover the losses it incurred in the year 2020 during the subsequent financial periods.

3. The audit fees paid to the auditors /Deloitte & Touche Group amounted to JOD (112,237) for the year 2020.

4. The total capital investment for the Company's activities in 2020 reached JOD (78,208) million as explained in point No. 2 "Investments of the mother company and its subsidiaries companies".

5. Despite that the Council of Ministers' Resolution No. (7633), taken in its meeting held on April 30, 2018, has set the commission for filling gas cylinders for the period from May 1, 2018 to December 31, 2018 at 43 JD per ton sold, and filling liquefied gas rate of return on investment for calculating the commission amount at 12% per annum. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated, when calculating the filling stations' commission amount, in the subsequent period upward / downward. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector Regulatory Authority with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external advisor to determine the commission amount for the years 2019 and 2020. At the same time, the Company has provided the entities appointed by the said ministry with all the required data, and those entities provided the Ministry of Energy and Mineral Resources with the final report. No decision has been made yet by the Government to determine the final commission amount, which reflects the rate of return on investment at 12% annually, in accordance with the above- mentioned Council of Ministers' Resolution No. (7633). when this commission is increased this will be reflected on the company as an additional revenue.

6. According to the minutes of meeting of the company's future on September 13, 2012, the financial relationship between Jordan Petroleum Refinery Company and the Jordanian Government ended on April 30, 2018, the resolution of the Council of ministers No. 7633 was issued in the meeting held on 30 April 2018 and included an extension of the exemption of refined oil derivatives in Jordan Petroleum Refinery Company from the application of the Jordanian specifications throughout the construction period of the fourth expansion project from May 1, 2018 on condition that a commitment to the project construction stages and that the production of the Jordan Petroleum Refinery should not exceed (46%) of the local market demand for oil derivatives that are not in compliance with specifications, it also included the Ministry of Finance's mandate to follow up the implementation of the procedures regarding the pending points between the company and the Government and to present what is reached to the Council of Ministers. The Ministry of Energy and Mineral Resources asked the company to pay against deviation in specification of the quality of diesel produced for the year 2020, and the company objected to that, and accordingly the claim was waived, and therefore the company does not have any obligation or financial impact on its results.

7.The Company recorded a fee for storage of strategic inventory owned by the Government at a rate of JOD (3,5) per cubic meter in accordance with the storage capacity of each product based on the approval of the Ministry of Finance under its letter No.18/4/33072 dated 25 November 2018.

8.Calculating of profits' settlement with the Government has been terminated and the balance is recognized in the consolidated statement of income up to 30 April 2018 under the Council of minister's Decision No. 7633 adopted in its meeting on 30 April 2018, which ended the relationship between the Company and the Government.

9.As a result of the Government's failure to abide by what was stated in the Council of minister's Decision No. 7633 adopted in its meeting on 30 April 2018, and based on the agreement between the company and the government, Council of ministers resolution No. 6399 issued in the meeting held on September 9, 2019 which included that the company to borrow an amount equivalent to about JOD (457) million from banks to pay a part of the debt balance due in favor of the company on the government until the date of December 31, 2018 against the issuance of pledges by The Ministry of Finance for the banks referred to it undertakes to pay the amount of loans and interest due on it, Accordingly, during the first half of October 2019, the company withdrew an amount equivalent to JOD (455,505,000) from banks that were referred to by the Ministry of Finance, where the Ministry of Finance issued pledges to these banks to pay the amount of loan installments and interest due to them, Accordingly, the company reduced the value of the amount withdrawn amounting to JD (455.505,000) from the balance of receivables due from the security authorities, ministries, departments, government agencies and the Ministry of Finance in accordance with the agreement signed between the company and the Jordanian government June 16 2020 which was signed by the Minister of Finance after approval by the Council of Ministers of the agreement and authorizing the Minister of Finance to sign it on behalf of the Jordanian government, according to the Council of ministers Resolution No. (9158) taken on March 24, 2020. Noting that the Jordanian Government has paid all installments and interest due to the referred banks at the time they are due.
The Ministry of Finance has also committed itself to repaying all loan amounts and interest due on them to banks, as these amounts were allocated within the General Budget Law for the year 2020 under the clause of Government arrears handling loans installments, according to the Ministry of Finance letter No. (18/4/9200) dated May 14, 2020, noting that The Jordanian government has paid all the installments and interest due to the referred banks on their due date.

10. According to an agreement with the Government, the company shall treat the sediments and water in the tanks and dispose of materials no longer needed, moreover, the slow-moving materials shall be evaluated on April 30, 2018; the cost of the sediment and water, as well as the disposal costs thereof, shall be calculated; and the surplus shall be transferred to the Ministry of Finance. As a result of the agreement between the Company and the Government, the Ministry of Finance issued Letter No. 4/18/28669, dated August 29, 2019, granting approval to the Company to clean its tanks from sediments and water at the Government's expense, and write off materials, spare parts, and supplies no longer needed, and transfer the surplus balance of the provision for slow-moving, obsolete, and sediments inventory to the Ministry of Finance. Accordingly, the Company tendered the treatment of sediments and water, and the awarded company cleaned the bulk of the sediments, and work is still underway to treat the remaining sediments. A specialized committee was also assigned to study the stock of spare parts and other supplies to determine the materials and supplies that can be used, instead of purchasing similar materials, and to identify the materials and supplies no longer needed to write them off. Work is still in progress in this regard

11.The Ministry of Finance agreed to transfer quantities of strategic stock owned by the Jordanian Logistics Company as quantities, and that the value of the stock was permanently settled in accordance with the Ministry of Finance letter No. 4/18/28669 on August 29, 2019.
It was agreed between the Company and Government to transfer the strategic inventory owned by Government, which has been quantified and valued, to the Jordan Oil Terminals Company (JOTC), provided that the value of this inventory is settled later. Additionally, Jordan Petroleum Refinery Company started transferring the strategic inventory to JOTC during April 2018, and is still transferring the quantities to JOTC according to the quantities requested by JOTC and the Ministry of Energy and Mineral Resources and JOTC's storage capacity. Meanwhile, the Company transported the Government's aviation fuel to the Royal Jordanian Air Force during July 2020, and the Government's asphalt material to the Ministry of Works during the year 2020, at the request of the Ministry of Energy and Mineral Resources. During February 2021, the Company exported the Government's fuel oil strategic stock at the request of the Ministry of Energy and Mineral Resources. It also received a letter from the Ministry of Finance and the Ministry of Energy and Mineral Resources that includes the Government's sale of crude oil to the Company as of the beginning of March 2021 on the basis of crude oil prices issued by Aramco for March 2021. Moreover, the Ministry of Finance's approval has been received regarding the final settlement of the inventory amount and quantity according to the Ministry of Finance's Letter No. (4/18/28669), dated August 29, 2019.

12.The Ministry of Finance agreed that the Company shall retain the balance of the provision for doubtful debts (provision for expected credit losses). In case the Company recovers any receivable amount recorded within the provision, the recovered amount shall be taken to the Ministry of Finance's account pursuant to the Ministry of Finance's Letter No. 4/18/28669, dated August 29, 2019.

13.The company recorded the unpaid interest on the balance of the financial relationship between the company and the government, according to the actual borrowing rate, as of May 1, 2018, according to Ministers Resolution No. (7633) taken in its meeting on April 30, 2018.

14. According to the Ministry of Finance's Letter No. (8AR/ 4/5197), dated February 18, 2020, the balance of the financial relationship with the Government as of December 31, 2018 amounted to JD 591,669,659, and was confirmed. Moreover, the National Electricity Company has to match its debt as per its own records with that as per the records of Jordan Petroleum Refinery Company. Accordingly, the National Electricity Company has confirmed the balance in its Letter No. (7216/2503), dated March 11, 2020, and requested that it be allowed to pay the balance over three years in monthly installments.

15. The balances as of December 31, 2020 of the Ministry of Finance related to Jordan Petroleum Products Marketing Company were confirmed through the Ministry of Finance's approval of Jordan Petroleum Products Marketing Company's Letter No. (111/2/1061) dated March 2, 2021.

16. The Company has allocated storage charge to meet the Logistics Company's claim in accordance with its letter 1/64/2018 dated 3 April 2018. The Logistics Company ask for storage charges of fuel oil 3.5% and 1% at JD 3.5 per (m3)stored from 25/5/ 2017, Jordan Petroleum Refinery Company objected to this claim and based on this objection, the letter No. 2/20/408 dated 3 January 2019 received from the Energy and Minerals Regulatory Commission , where the storage fees were set at JOD (2) per month instead of JOD(3.5) per (m3) initially stored, provided that the rate determination will be studied by the Energy and Metal Sector Regulatory Authority during the first half of 2019, provided that the claim will be re-examined from 25 May 2017 until the end of the financial relationship between the company and the government, which has an impact on the government. Note that the Energy and Mineral Resources Regulatory Authority has not yet fixed the rate to date. Moreover, the Jordan Petroleum Refinery Company continues its objection on the calculation of the fees of storage of fuel oil 1% as this material was imported based on the request of electricity and generation companies to cover the deficit of the National Electricity Company in light of the interruption of natural gas supply from Egypt to meet the needs of the local market, and that the company is only committed to pay the fuel oil 3.5% storage fees as from the date of 1 May 2018.

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

17. Amount of JOD (8.9) million had been recorded as Import pricing differentials within the notes payables and other credit balances which represent the difference between the cost of imported petroleum products by Jordan Petroleum Products Marketing Company (subsidiary) and the refinery gate prices as in the oil derivatives pricing bulletin (IPP), as the company is not sure whether this sum is the right of the company or the Ministry of Finance, in case it is for the company it becomes a revenue and if it is the right of the Government it will be transferred to the government without affecting the profits of the company.

18. The Council of Minsters issued Resolution No. (1080) in its meeting held on January 24, 2021, which included which included considering the item No. (11) as cancelled from the Council of Ministers' Resolution No. (7633), taken in its meeting held on April 30, 2018, and not claiming from the Jordan Petroleum Refinery Company a rent allowance for the assets transferred to the Jordan Petroleum Products Marketing Company (a subsidiary company) at net book value.

19. The company committed to reduce the debt of Governmental Departments as well as security agencies by JOD (317,601,186) during the year 2019 according to the agreement to borrow the company from banks at an amount of JOD (455,505,000) on behalf of the government to pay part of the debt owed by the government against issuing pledges by the Ministry of Finance to pay the loan amount and the interest due on it, subject agreement was signed between the company and the Jordanian government represented by Minister of Financial under the Council of Ministers' Resolution No. (9158), taken in its meeting held on March 24, 2020.

20.Based on the approval of the settlement committee on June 7, 2020, the settlement submitted by Jordan Petroleum Products Marketing Company to the Ministry of Finance was conducted between the debt of the Jordanian Royal Medical Services amounting to JOD (2,651,001) and the civil defense debt amounting to JOD (3,449,364) and the debt of the Jordanian Armed Forces - Arab Army at an amount of JOD (3,768,905) and the debt of the Ministry of Health at an amount of JOD (1,827,031), and between the sums owed to the Income and Sales Tax Department t an amount of JOD (11,696,301).

21.Based on the settlement request submitted by the Jordan Petroleum Products Marketing Company to the Ministry of Finance, settlement was made between the debts owed by the Ministry of Education in the amount of JOD (1,638,914) with part of the special tax owed by the company.

22. According to the Ministry of Finance's Letter No. (8AR/ 4/5197), dated February 18, 2020, the balance of the financial relationship with the Government as of December 31, 2018 amounted to JD 591,669,659, and was confirmed. Moreover, the National Electricity Company has to match its debt as per its own records with that as per the records of Jordan Petroleum Refinery Company. Accordingly, the National Electricity Company has confirmed the balance in its Letter No. (7216/2503), dated March 11, 2020, and requested that it be allowed to pay the balance over three years in monthly installments. The Company is still in the negotiation stage regarding the installment period.

23.On the basis of the settlement request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance, a settlement was conducted between part of the debt of the Ministry of Finance (the main account of the Ministry of Finance) in favor of the company and the general and special tax included in the customs data in favor of the Customs Department, and this was approved by the Customs Department on March 16, 2020, and the approval of the clearing committee on July 6, 2020, amounting to JOD (58,042,756).

24.Based on the settlement request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance, which includes the request for a settlement between part of the Ministry of Finance account - the relationship owed to the company in the amount of JOD (137,667,786) and the balance of the trusts for the differences in pricing of oil products and surpluses owed in favor of the government in the amount of JOD (44,167,6830 and the balance of the trusts of establishing replacement tanks for the receivable in favor of the government in the amount of JOD (93,500.103) for the balances as on September 30, 2020, and the Ministry of Finance letter No. (694/4/18) received on January 10, 2021, containing the approval to conduct the above-mentioned settlement based on the settlement instructions, and that the settlement was carried out at The Ministry of Finance on January 4, 2021, and that the settlement shall be recorded in the financial statements for the year 2020, according to the balances of the financial relationship between the company and the government included in the company's letter No. (8988/1/51/25/2) on December 15, 2020.

25.According to the Council of Ministers' Resolution No. (5329), taken in its meeting held on July 10, 2019, which included approval for the assignment of the Jordan Petroleum Refinery Company to implement the terms of the Memorandum of Understanding for the processing and transportation of crude oil between the government of the Republic of Iraq and the government of the Hashemite Kingdom of Jordan, the Company signed the agreement, on August 1, 2019. The Company also issued a documentary credit in favor of the Central Bank of Iraq to cover the value of the amount of 10 thousand barrels per day throughout the year according to the monthly average price of a barrel of Brent crude oil minus USD 16. Moreover, the quantities of Iraqi oil were supplied at the end of August 2019. According to the minutes of meeting signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources, and the Jordan Petroleum Refinery Company on March 10, 2020, the balances and accounts of Iraqi crude oil were reconciled until December 31, 2019. Likewise, according to the minutes of meeting signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources, and the Jordan Petroleum Refinery Company on June 30, 2020, the balances and accounts of Iraqi crude oil were reconciled up to April 30, 2020. Noting that the supply of Iraqi oil stopped during May and June of 2020 due to low international prices, but resumed on July 1, 2020, and terminated by the end of November 2020. The Iraqi oil balances and accounts were reconciled until the expiry date of the current bid according to the minutes of meeting signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources, and the Jordan Petroleum Refinery Company on December 20, 2020. The Government is still negotiating with the Iraqi Ministry of Oil regarding the signing of renewal of the supply agreement.

26.In accordance with the Council of Ministers' Resolution No. (6953), taken in its meeting held on March 19, 2018, approval was obtained on exempting the quantities of gasoline (95) used in the production of gasoline (90) and (95) of the quantity (2,360,253) tons from the general and special sales tax for the period from May 1, 2013 until September 30, 2017. The resolution shall include any amount of gasoline (95) used in the mixing process for the production of gasoline (90 and 95) until the end of the financial relationship between the Government and the Jordan Petroleum Refinery Company. Moreover, the pending customs statements were processed at the Jordan Customs Department during July 2020.

27. In its meeting held on January 3, 2016, under Resolution No. (13363), based on the recommendations of the Economic Development Committee in its meeting held on December 22, 2015, the Council of Ministers approved exempting the Company from general and special sales tax effective from May 1, 2013 on its imports related to the quantities sold to the marketing companies, provided that the general sales tax and special sales tax thereon are paid by those companies within the pricing structure of IPP. Moreover, the customs statements were processed at the Jordanian Customs Department during July 2020.

28. The Income and Sales Tax Department's Letter No. (20/4/347) was received on February 16, 2021, and included the Department's approval to collect taxes on the Jordan Petroleum Refinery Company's sales to the three marketing companies through the marketing companies only. The letter also stated that the Jordan Petroleum Refinery Company is not obligated to pay taxes on its sales to the marketing companies. However, it is only obligated to pay tax on its sales to other customers.

Twenty Two : Recommendations of the Board of Directors to the General Assembly of the shareholders of the company

1. Approve the Financial Statements of the Company for the year ended 31st December 2020, and the Board of Directors' report and the Future Plan and exonerate the Chairman and Members of the Board of Directors.
2. Use of the voluntary reserve balance for the purposes of the fourth expansion project.
3. Endorsing the decision of the company's Board of Directors to elect Dr. Mohammad Mahmoud Khalil Thneibat as a member of the company's Board of Directors, as of 10/14/2020.

The Board of Directors also decided, pursuant to the provisions of Clause (2) of Paragraph Two of Defense Order No. (5) of 2020 issued pursuant to Defense Law No. (13) of 1992 published in the Official newspaper on 31/3/2020 and the procedures issued by His Excellency the Minister of Industry and Trade on 9/4/2020 pursuant to the above defense order, mandating the executive management to implement all necessary procedures and arrangements for holding a meeting of the company's shareholders through visual and electronic means of communication, and in light of finishing the arrangements the following matters should be included in the meeting agenda:

1. Reading of the Minutes of Meeting of the previous General Assembly meeting held on 15/6/2020.
2. To vote on the Board of Directors' report on the company's business during the year ending 12/31/2020 and its future plan.
3. Listening to the company's auditors 'report on its budget, closing accounts, and financial conditions for the year 2020.
4. Voting on the annual budget for profit or loss account and approving the financial statements of the company.
5. Use of the voluntary reserve balance for the purposes of the fourth expansion project.
6. Approval of the company's board of directors 'decision to elect Dr. Mohammad Mahmoud Khalil Thneibat as a member of the company's board of directors, as of 14/10/2020.
7. To exonerate of the Chairman and Members of the Board of Directors for the financial year ended 31/12/2020.
8. Election of the Company's auditors for the financial year 2021 in accordance with the provisions of the Companies Law and Article (67) of the Company's internal Regulation and determining their fees or delegating the Board of Directors to determine it.
9. Any other matters proposed by the General Assembly to be included in the agenda approved by shareholders of 10% of the shares represented in the meeting.

Twenty Three : Declaration of the Board of Directors

1. The Board of Directors of Jordan Petroleum Refinery Co declares that there were no substantial matters that would affect the sustainability of the Company for the upcoming financial years that were not disclosed.
2. Members of the Board of Directors mentioned below declare their full responsibility to prepare the financial statements and provide an effective control system in the Company.

Name	Chairman of the Board Eng. Alaa Arif Batayneh	Vice chairman Eng. Abed AlRahim Boucai	Member Eng. Khair Abdullah Abu Saalik
Signature			

Name	Member Mr.Bassam Rashed Sinokrot	Member Mr. Ahmad Adnan Alkhudari	Member Eng. Shakib Abdel-Latif Odetallah
Signature			

Name	Member Mr. Jamil Ali Darras	Member Mr. Walid Yacoub Alnajjar	Member Mr. Jamal Mohammed Fariz
Signature			

Name	Member Mr. Ibrahim Ahmad AbuDayyeh	Member Ms. Reem Yahya Abzakh	Member Dr. Mohammad Mahmoud Thneibat
Signature			

Name	Member Mr. Ali Mohammed Al-balawneh
Signature	

The mentioned below declare that they take the full responsibility for the accuracy and complete information and accounts in the annual report.

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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

AM / 000573

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

Report on Audit the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan Petroleum Refinery Company (The "Company") and its subsidiaries (The "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of profit or loss , comprehensive income, changes in owners' equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note (18/H) of the consolidated financial statements, which describes that there are negotiations between Jordan Petroleum Products Marketing Company (a subsidiary Company) and the Ministry of Finance over entitlement rights of petroleum products import pricing differences from refinery gate price described in IPP which is in favor of either the subsidiary Company or Ministry of Finance amounting to JD 8.9 million classified in payables and other credit balances. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters, in our professional judgment, are the most significant matters in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

Key audit matter	
Ministry of Finance Balance - The Relationship:	**Scope of the Audit to Address the Risk**
As at December 31, 2020, the Company had an amount owing by the Ministry of Finance ("MOF") of JOD 68 million related to refinery and gas activities. We have considered the above matter as Key Audit Matter due to the following circumstances: • We were unable to confirm the balance as at December 31, 2020. • An offsetting agreement was reached between the Company and Ministry of Finance to offset the outstanding balances as of September 30, 2020 through offsetting the balances due to Ministry of Finance with the balances due from Ministry of Finance of JOD 138 million. This agreement required that the balances be audited and agreed by the MOF before they could be offset against each other. • The volume of transactions which take place between the Group and the MOF. Refer to note (9-E) for more details relating to this matter.	We performed the following procedures in relation to this balance: • We obtained an understanding of the relationship between the Group and the MOF. • We identified the relevant controls over the recording of the balance with the MOF. • We assessed the design of these controls and determined if they had been implemented appropriately. • We obtained and reviewed all correspondence between both parties. • We read the board of directors and audit committee minutes of meeting to determine if there were any matters which needed to be taken into account when determining the balance with the MOF. • We obtained a reconciliation which reconciled the movement of the balance from September 30, 2020 to December 31, 2020 and tested the movements by performing the following procedures: • Recalculating the amounts of various classes of transactions. • Testing transactions on a sample basis where recalculation was not possible. • Vouching payments and receipts to cash disbursement records. • We determined if there were any indications that the transactions recorded as part of this amount were incomplete by reviewing cash disbursements and receipts subsequent to the reporting date. We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Other Matter

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

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performers of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards procedures.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

The Company maintains proper accounting records which are in agreement with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements after taking into consideration the matter set out in the Emphasis of Matter section of our report.

Amman – Jordan
March 29, 2021

Deloitte & Touche (Middle East) – Jordan

شفيق كميل بطشون
إجازة رقم (٧٤٠)

ديلويت آند توش (الشرق الأوسط) – الأردن
عمان – الأردن

Deloitte & Touche (M.E.
ديلويت آند توش (الشرق الأوسط)
010103


OFF
MU
M+
M–
MR
MC
Transportation
Insurance
Clothing
Entertainment
Others
Total

Jordan Petroleum Refinery Company

(A Public Shareholding Limited Company)

Amman - Jordan

Consolidated Statement Of Financial Position

ASSETS	Note	December 31, 2020 JD	December 31, 2019 JD
Current Assets:			
Cash on hand and at banks	8	14,034,372	21,856,935
Receivables and other debit balances	9	507,344,997	598,548,250
Crude oil, finished oil products and supplies	10	296,462,005	396,845,361
Total Current Assets		817,841,374	1,017,250,546
Non-Current Assets:			
Financial assets at fair value through comprehensive income	11	2,257,261	2,294,639
Deferred tax assets	12	13,189,650	9,125,534
Investment property - net	13	815,738	825,286
Property, lands, Equipment and Projects Under Construction - net	14	182,832,939	177,612,799
Intangible Assets - net	15	20,286,282	23,286,282
Right of Use of Assets - net	16	56,747,493	60,798,663
Total Non-Current Assets		276,129,363	273,943,203
TOTAL ASSETS		1,093,970,737	1,291,193,749
LIABILITIES			
Current Liabilities:			
Due to banks	17	579,875,098	472,042,000
Payables and other credit balances	18	205,747,574	457,868,374
Income tax provision	19	675,314	7,646,805
Lease Liability - current portion	16	4,594,836	4,537,175
Commitments resulting from acquisition of a subsidiary - current portion		-	9,417,662
Total Current Liabilities		790,892,822	951,512,016
Non-Current Liabilities:			
Due to death, compensation, and end-of-service indemnity fund	32	40,471,334	41,461,108
End-of-service indemnity provision		37,859	236,369
Lease liability - non-current portion	16	46,586,310	51,085,142
Total Non-Current Liabilities		87,095,503	92,782,619
TOTAL LIABILITIES		877,988,325	1,044,294,635
OWNERS' EQUITY			
Shareholders' equity:			
Authorized and paid-up capital (100,000,000 share at JD 1 per share)	20/A	100,000,000	100,000,000
Statutory reserve	20/B	45,834,122	45,834,122
Voluntary reserve	20/C	26,784,557	17,261,761
Fourth expansion project reserve	20/D	7,609,176	-
Financial assets at fair value reserve - net	21	1,877,537	1,914,915
Retained earnings	22	24,825,896	73,284,319
Difference resulted from purchased of non-controlling interest		(86,472)	(86,472)
Total Shareholders' Equity		206,844,816	238,208,645
Non - controlling interests	30	9,137,596	8,690,469
Total Owners' Equity		215,982,412	246,899,114
TOTAL LIABILITIES AND OWNERS' EQUITY		1,093,970,737	1,291,193,749
Contra Accounts			
Death, compensation, and end-of-service indemnity fund	32	49,106,668	50,317,022

Chairman of the Board of Directors | Chief Executive Officer

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

Consolidated Statement of Profit or Loss

	Note	For the Year Ended December 31,	
		2020	2019 (Adjusted)
		JD	JD
Net Sales	23	957,287,733	1,463,355,939
Less: Cost of sales	24	(921,059,887)	(1,344,704,580)
Gross profit from sales		36,227,846	118,651,359
Add: Operating income and other	25	11,778,102	12,094,406
Gross profit		48,005,948	130,745,765
Less: Selling and distribution expenses	26	(50,829,524)	(53,689,778)
General and administrative expenses	27	(13,065,964)	(12,556,507)
Bank interest and commissions		(22,457,727)	(41,743,478)
Indian cylinders losses	28	-	(3,658,008)
Released from lawsuits provision	18	113,842	-
(Provision) expected credit losses	9/J	(4,829,995)	(2,631,148)
Released from (Provision) for slow-moving and obsolete inventory and sediments	10	9,553,951	(1,100,414)
(Provision) for storage fees	18/I	(3,064,510)	(5,049,600)
Released from (Provision) employees' vacations	18	249,822	(176,922)
Released from work injuries compensation	18/F	3,234,886	491,708
Income from storage of strategic inventory		7,842,786	13,296,917
Interest income resulting from government's delay		13,214,896	33,311,028
Lease liabilities interest	16	(2,547,910)	(1,031,031)
Interest resulting from the acquisition of a subsidiary		(88,955)	(1,067,457)
Amortization of intangible assets	15	(3,000,000)	(3,000,000)
(Loss) Profit for the Year before Income Tax		(17,668,454)	52,141,075
Surplus (expense) of Income tax for the year	19	3,390,115	(7,952,273)
(Loss) Profit for the Year		(14,278,339)	44,188,802
Attributable to :			
Company's shareholders	29	(14,326,451)	43,866,972
Non-controlling interests	30	48,112	321,830
		(14,278,339)	44,188,802
(Loss) Profit per share for the year to the Company shareholders - Basic & Diluted	29	(-/143)	-/439

Chairman of the Board of Directors	**Chief Executive Officer**

TTHE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT

Consolidated Statement Of Comprehensive Income

	For the Year Ended December 31,	
	2020	2019
	JD	JD
(Loss) Profit for the year	(14,278,339)	44,188,802
Items that can not be reclassified subsequently to the consolidated statement of Profit or Loss:		
Change in financial assets at fair value reserve - net	(37,378)	287,270
Total (Loss) Comprehensive Income for the Year	(14,315,717)	44,476,072
Total Consolidated Comprehensive (Loss) Income Attributable to:		
Company's shareholders	(14,363,829)	44,154,242
Non -controlling interests	48,112	321,830
	(14,315,717)	44,476,072

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

Jordan Petroleum Refinery Company
(A Public Shareholding Limited Company)
Amman - Jordan

Consolidated Statement Of Changes In Owners' Equity

For the year 2020	Paid-up Capital	Statutory Reserve	Voluntary Reserve *	Financial Assets at Fair Value Reserve - net	Fourth Expansion Project Reserve	Difference resulting from Purchasing Non-controlling Interests	Retained Earnings	Total Shareholders' Equity	Non-Controlling Interests	Total Owners' Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	100,000,000	45,834,122	17,261,761	1,914,915	-	(86,472)	73,284,319	238,208,645	8,690,469	246,899,114
Total Comprehensive (Loss) for the year	-	-	-	(37,378)	-	-	(14,326,451)	(14,363,829)	48,112	(14,315,717)
Deducted for reserves	-	-	10,428,215	-	10,428,215	-	(20,856,430)	-	-	-
Transfer from voluntary reserve to fourth expansion reserve***	-	-	(905,419)	-	905,419	-	-	-	-	-
Transfer from fourth expansion reserve to retained earnings**	-	-	-	-	(3,724,458)	-	3,724,458	-	-	-
Dividends paid to shareholders****	-	-	-	-	-	-	(17,000,000)	(17,000,000)	-	(17,000,000)
Change in non - controlling interests	-	-	-	-	-	-	-	-	399,015	399,015
Balance at the End of the Year	100,000,000	45,834,122	26,784,557	1,877,537	7,609,176	(86,472)	24,825,896	206,844,816	9,137,596	215,982,412
For the year 2019										
Balance at the beginning of the year	100,000,000	43,124,425	16,143,555	1,627,645	-	(368,400)	58,245,250	218,772,475	11,136,726	229,909,201
Total Comprehensive income for the year	-	-	-	287,270	-	-	43,866,972	44,154,242	321,830	44,476,072
Deducted for reserves	-	2,709,697	8,538,579	-	8,538,579	-	(19,786,855)	-	-	-
Transfer from voluntary reserve to fourth expansion reserve***	-	-	(7,420,373)	-	7,420,373	-	-	-	-	-
Transfer from fourth expansion reserve to retained earnings**	-	-	-	-	(15,958,952)	-	15,958,952	-	-	-
Dividends paid to shareholders****	-	-	-	-	-	-	(25,000,000)	(25,000,000)	-	(25,000,000)
Change in non - controlling interests	-	-	-	-	-	-	-	-	(2,768,087)	(2,768,087)
Difference resulting from purchasing non-controlling interests	-	-	-	-	-	281,928	-	281,928	-	281,928
Balance at the End of the Year	100,000,000	45,834,122	17,261,761	1,914,915	-	(86,472)	73,284,319	238,208,645	8,690,469	246,899,114

* In its ordinary meeting held on June 15, 2020, the General Assembly decided to allocate JD 10,428,215 to the voluntary reserve account from the retained earnings account.
** In its ordinary meeting held on June 15, 2020, the General Assembly decided to allocate JD 10,428,215 to the fourth expansion project reserve account from the retained earnings account. Moreover, the Company paid JD 3,724,458 during the year 2020 from the fourth expansion project reserve account, which represents payments for the basic and detailed design works and the technical and financial consultations related to the project.
*** The Company transferred an amount of JD 905,419 from the voluntary reserve to the fourth expansion project reserve during year 2020, based on the General Assembly of Shareholders' prior approval dated April 27, 2019.
**** In its ordinary meeting held on June 15, 2020, the General Assembly decided to distribute 17% of the authorized and paid-up capital as cash dividends, equivalent to JD 17 million for the year 2019 profits (JD 25 million for year 2018 profits).
- Profit for the year and retained earnings include an amount of JD 13,189,650 as of December 31, 2020, which represents a deferred tax assets amount its conduct is restricted as per the instructions of the Jordan Securities Commission.
-THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

The Company was established on July 8, 1956, with a capital of JD 4 million. This capital was increased in stages, with the latest being on April 28, 2016, the date on which it was approved, in the Company's extraordinary meeting, to capitalize JD 25 million and distribute it to the shareholders. As a result, the Company's authorized and paid-up capital has reached
JD 100 million.

Other than the main units for refining and producing oil derivatives, the Company owns a factory for producing lube-oils, in addition to owning Jordan Petroleum Products Marketing Company (JPPMC). It also owns three liquefied gas filling stations. Moreover, gas cylinders are repaired in a special workshop in an effort to reduce cylinders write-off costs. Furthermore, the accompanying consolidated financial statements include the operations of the main refining units, factories, and directly and indirectly owned subsidiaries.

In addition to refining, producing, and manufacturing petroleum derivatives, the Company imports, transports and distributes these derivatives to some consumers, who receive supplies directly from the Company in addition to manufactures, blends, packs and markets lube-oil and produces, fills and distributes liquefied gas and repairs and maintains empty gas cylinders and imports them. Moreover, Jordan Petroleum Products Marketing Company supplies its stations with petroleum derivatives and maintains these stations kingdom wide.

According to the settlement agreement with the Jordanian Government, dated February 25, 2008, concerning the termination of the concession, the Company has to segregate some of its activities through establishing new companies that are wholly or partially owned by it after the expiry date of the concession agreement on March 2, 2008. During the year ended December 31, 2008, the Company established two subsidiaries wholly owned by it, namely: Jordan Liquefied Petroleum Gas Manufacturing and Filling Company and Jordan Lube Oil Manufacturing Company, in order to separate the gas filling and Lube Oil production activities. However, none of these Companies have conducted any commercial activities yet, and the Company is still in the process of segregating its other activities. During 2013, the Company established Jordan Petroleum Products Marketing Company (JPPMC), which is fully owned by Jordan Petroleum Refinery Company.

The Company's consolidated financial statements were approved by the Board of Directors, in its meeting held on March 24, 2021, and are subject to the General Assembly of Shareholders' approval.

2. The Concession Agreement

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

b. The Company's profit for the period ended April 30, 2018, and for the years from 2012 until 2017, has been calculated according to the Council of Ministers' resolution, taken 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 shall be achieved for the Jordan Petroleum Refinery Company while keeping the changes in the Company's expenses within the normal rates. Otherwise, the Government should be consulted concerning any deviations therefrom.

2. The Government has the right to appoint an external auditor (public accountant) to audit the Company's financial statements for the purposes stipulated by the Government.

3. Profit from the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company, and any other profit from other future companies owned by it and operating according to licenses issued by the Ministry of Energy and Mineral Resources or the sector regulator, shall be excluded from the above-mentioned profit, provided that their standalone financial statements or their own accounts are separated.

4. The Lube–Oil Factory's profit shall be excluded from the above-mentioned profit, provided that the Lube-Oil Factory is charged with the related fixed and variable costs, whether directly or indirectly, and its standalone financial statements or accounts are separated.

5. The liquefied gas (LPG) activity profit shall be excluded from the above-mentioned profit, provided that its standalone financial statements or its own accounts are separated.

6. The profit granted to Jordan Petroleum Refinery Company of 10 cents/barrel from refining the Iraqi crude oil shall also be excluded from the above-mentioned profit, provided that this profit is subjected to income tax.

7. The current or future financial statements shall not be charged with any prior years' provisions or expenditures, except for the committed provisions or expenditures (provisions and employees' rights, provision for expected credit losses, provision for the writing-off of gas cylinders, provision for lawsuits raised against the Company, provision for slow-moving, obsolete and sediments inventory, provision for self-insurance, etc.), provided that these provisions and financial statements are audited by the Government.

8. The above applies to the year 2011 until the end of the transitional period of (5) years, starting from the date the marketing companies commenced their expected work as of September 1, 2012. Moreover, the marketing and selling of Jordanian petroleum products companies started their operations as of May 1, 2013. Meanwhile, the financial relationship between the Company and the Government was terminated, and the above resolution was suspended on May 1, 2018, according to the Council of Ministers' Resolution No. (7633), taken in its meeting held on April 30, 2018.

   The calculated profit difference was recorded according to this method when calculating profit according to the commercial basis in the Ministry of Finance's account for the period ended April 30, 2018, and for the years from 2011 until the end of the year 2017, under the item of profit settlement with the Government. Moreover, the results of the liquefied gas business activities were not excluded from the profit mentioned in item (5) above, despite the fact that the Council of Ministers' Resolution No. (7633), taken in its meeting held on April 30, 2018, has set the commission for filling gas cylinders for the period from May 1, 2018 to December 31, 2018 at 43 JD per ton sold, and filling liquefied gas rate of return on investment for calculating the commission amount at 12% per annum. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated, when calculating the filling stations' commission amount, in the subsequent period upward / downward. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector Regulatory Authority with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020. At the same time, the Company has provided the entities appointed by the said ministry with all the required data, and these authorities provided the Ministry of Energy and Mineral Resources with the final report. No decision has yet been made by the Government to determine the final commission amount, which reflects the rate of return on investment at a rate of 12% annually, in accordance with the above- mentioned Council of Ministers' Resolution No. (7633).

3. End of the Relationship with the Government

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

1. The Ministry of Finance shall calculate the amounts due to Jordan Petroleum Refinery Company until April 30, 2018, and such amounts shall be paid in installments during the years 2018, 2019 and 2020 with interest thereon of (30%, 40% and 30%). Moreover, these amounts shall be paid after the issuance of the General Budget Law and before the end of the second quarter of each year for the same year until full repayment in the year 2020. Meanwhile, the Ministry of Finance shall provide Jordan Petroleum Refinery Company with a letter stating the amounts due to the Company as of April 30, 2018, and guaranteeing their payment with interest at the actual cost borne by the Company during the above period at the said rates. As a result of the Government's failure to comply with the above resolution, and based on the agreement between the Company and the Government, the Council of Ministers' Resolution No. (6399) was taken in its meeting held on September 9, 2019. The resolution stipulated that the Company shall borrow an amount equivalent to about JD 457 million from banks to pay part of the balance of debts due to the Company from the Government until December 31, 2018. In return, the Ministry of Finance shall pledge to pay the loans and interest thereon to the assigned banks. During the first half of October 2019, the Company withdrew JD 455,505,000 from the banks assigned by the Ministry of Finance. Accordingly, the Ministry of Finance issued pledges to the banks regarding payment of the loans installments and interest thereon. Consequently, the Company deducted the withdrawn amounts totaling JD 455,505,000 from the balance of receivables due from the security authorities, ministries, departments, government agencies, and the Ministry of Finance in accordance with the agreement between the Company and the Ministry of Finance signed on June 16, 2020, as well as signed by the Minister of Finance, following the Council of Ministers' approval of the agreement and the authorization of the Minister of Finance to sign the agreement on behalf of the Jordanian Government, under the Council of Ministers' Resolution No. (9158), taken in its meeting held on March 24, 2020. Moreover, the Ministry of Finance has also committed itself to repaying all loan amounts and interest thereon to banks, as these amounts have been allocated within the General Budget Law for the year 2020 under the item "Loans Installments for Handling Government Arrears", according to the Ministry of Finance's Letter No. (18/4/9200), dated May 14, 2020. Meanwhile, the Jordanian Government has paid all the installments and interest thereon to the assigned banks on their due date. In the opinion of the Company's management and legal advisors, the Company shall not incur any obligations regarding the loans and pledges above (Note 9 / E).

2. Jordan Petroleum Refinery Company shall treat the sediments and water in the tanks and dispose of the materials no longer needed. Moreover, the slow-moving materials shall be evaluated on April 30, 2018; the cost of the sediment and water, as well as the disposal costs thereof, shall be calculated; and the surplus shall be transferred to the Ministry of Finance. As a result of the agreement between the Company and the Government, the Ministry of Finance issued Letter No. 4/18/28669, dated August 29, 2019, granting approval to the Company to clean its tanks from sediments and water at the Government's expense, and write off materials, spare parts, and supplies no longer needed, and transfer the surplus balance of the provision for slow-moving, obsolete, and sediments inventory to the Ministry of Finance. Accordingly, the Company tendered the treatment of sediments and water, and the awarded company cleaned the bulk of the sediments, and work is still underway to treat the remaining sediments. A specialized committee was also assigned to study the stock of spare parts and other supplies to determine the materials and supplies that can be used, instead of purchasing similar materials, and to identify the materials and supplies no longer needed to write them off. Work is still in progress in this regard (Note 10).

3. Jordan Petroleum Refinery Company shall maintain JD 5 million as a provision for the write-off, repair, and replacement of gas cylinders and transfer the remaining JD 5 million to the Ministry of Finance. If the actual value of the write-off, repair, and replacement of the cylinders exceeds the said amount, the difference shall be transferred from deposits from the Ministry of Finance. If, on the other hand, the actual value is lower, the difference shall be transferred to the Ministry of Finance, provided that this matter is addressed in the future through the pricing mechanism. Accordingly, the Company released an amount of JD 5 million, during the period ended April 30, 2018, which was reflected in the account of the Ministry of Finance, and this action was approved by the Ministry of Finance under its Letter No. 4/18/28669, dated August 29, 2019 (Note 18/D).

4. Jordan Petroleum Refinery Company shall delete the interest of JD 79.2 million on the National Electricity Company's borrowings, provided that settlement is reached between the National Electricity Company and the Government. Moreover, the Company has deleted these amounts from the consolidated statement of financial position pursuant to the Ministry of Finance's Letter No. 18/73/33025, dated November 25, 2018, and addressed to the National Electricity Company. The letter states that the Ministry of Finance shall record the interest as an advance due from the National Electricity Company to the Government at the Ministry of Finance until full payment. In addition, the Ministry of Finance issued its approval to delete the interest of JD 79.2 million on the National Electricity Company's borrowings pursuant to the Ministry of Finance's Letter No. 4/18/28669, dated August 29, 2019. Accordingly, the Company has deleted the interest on the National Electricity Company's borrowings from the Company's records.

5. Jordan Petroleum Refinery Company tax status shall be rectified as regards the inclusion of tax in the selling prices bulletin of oil derivatives (IPP) after the refinery gate price. In this respect, the refinery gate price does not include general and special taxes. Instead, taxes are included afterwards, collected from the marketing Companies, and

forwarded to the State Treasury. Meanwhile, the Income and Sales Tax Department's Letter No. (20/4/347), dated February 16, 2021, included the Department's approval to collect taxes on the Company's sales to the three marketing companies through the marketing companies only. In this regard, the Company is not obligated to pay taxes on its sales to the marketing companies. However, it shall only pay tax on sales to other customers (Note 9/F).

6. The Government shall bear any taxes, government fees, or tax differentials during its relationship with the Company, since the Company is guaranteed profit after tax during that period (Note 9/F) / (Note 18/B).

7. Gasoline (95) used for the mixing process to produce gasoline (90) and (95) shall be exempted from the tax differences between import and sale in accordance with the Council of Ministries' Resolution No. (6953), taken in its meeting held on March 19, 2018. Moreover, the necessary procedures shall be facilitated concerning the implementation of the Council of Ministers' Resolution No. (13363), taken in its meeting held on January 3, 2016, related to exempting the Company's imports sold to the marketing companies inside the kingdom. In this respect, the resolution prescribes exempting Jordan Petroleum Refinery Company from general and special taxes, as of May 1, 2013, on the quantities sold exclusively to the marketing companies inside the kingdom. The resolution also prescribes resolving all pending issues with the Customs Department and completing all customs statements, whether pending at the Customs Department or the Jordan Standards and Metrology Organization before the relationship with the Government expired. Moreover, a committee was formed by the Ministry of Finance and the Ministry of Energy and Mineral Resources comprising representatives from the Jordan Customs Department, the Income and Sales Tax Department, and Jordan Petroleum Refinery Company. During October 2019, the said committee completed its work and submitted its final report to the Ministry of Finance and the Ministry of Energy and Mineral Resources. Consequently, the Ministry of Finance and the Ministry of Energy and Mineral Resources approved the quantities stated in the committee's report, and the Customs Department prepared and exempted the customs statements according to the above resolutions. Meanwhile, the customs statements amounts subject to general and special taxes were specified. In this connection, the Company submitted a request to the Ministry of Finance to offset the general and special taxes included in the non-exempt customs statements that are not covered by the above resolutions against part of the Ministry of Finance's liability (the main account). In return, the Customs Department approved the said request on March 16, 2020, and the clearing committee approved the offsetting request submitted by the Company based on the instructions, mechanism, and bases of the Offsetting Process No. (1) for the year 2017, which includes the approval to offset the amounts owed to the taxpayer the Jordan Petroleum Refinery Company against the amounts due to the General Customs Department, which represent the value of the general and special sales tax on the imports of the Jordan Petroleum Refinery Company of JD 58,042,756 on July 6, 2020. The aforementioned offsetting was carried out, and all customs statements pending at the Customs Department were completed (Note 9 / F) / (Note 18 / B).

8. The Government's strategic inventory, which has been quantified and valued, shall be transferred to the Jordan Oil Terminals Company (JOTC), provided that the value of this inventory is settled later. Additionally, Jordan Petroleum Refinery Company started transferring the strategic inventory to JOTC during April 2018, and is still transferring the quantities to JOTC according to the quantities requested by JOTC and the Ministry of Energy and Mineral Resources and JOTC's storage capacity. Meanwhile, the Company transported the Government's aviation fuel to the Royal Jordanian Air Force during July 2020, and the Government's asphalt material to the Ministry of Works during the year 2020, at the request of the Ministry of Energy and Mineral Resources. During February 2021, the Company exported the Government's fuel oil at the request of the Ministry of Energy and Mineral Resources. It also received a letter from the Ministry of Finance and the Ministry of Energy and Mineral Resources that includes the Government's sale of crude oil to the Company as of the beginning of March 2021 on the basis of crude oil prices issued by Aramco for March 2021. Moreover, the Ministry of Finance's approval has been received regarding the final settlement of the inventory amount and quantity according to the Ministry of Finance's Letter No. (4/18/28669), dated August 29, 2019 (Note 34).

9. The Ministry of Finance shall maintain the provision for doubtful debts (expected credit losses provision). If any debt that arises during the relationship with the Government is written off, the Ministry of Finance shall commit to paying it to Jordan Petroleum Refinery Company. Under the agreement between the Ministry of Finance and the Company, the Ministry of Finance agreed that the Company shall retain the balance of the provision for doubtful debts (provision for expected credit losses). In case the Company recovers any receivable amount recorded within the provision, the recovered amount shall be taken to the Ministry of Finance's account pursuant to the Ministry of Finance's Letter No. 4/18/28669, dated August 29, 2019 (Note 9/J).

10. The rate of return on investment shall be determined for LPG filling stations for the purpose of calculating the commission at (12%). Moreover, the commission amount for the period from May 1, 2018 to December 31, 2018 shall be set at JD 43 per ton. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated, when calculating the filling stations' commission amount, in the subsequent period. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector Regulatory Authority with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020, which reflects the return on investment for this activity at 12% annually. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020. At the same time, the Company provided the entities appointed by the Ministry of Energy and Mineral Resources with all the required data, and these entities provided the Ministry of Energy and Mineral Resources and the Energy Sector Regulatory Authority with the final report, and no resolution has been made up to date by the Government regarding the final commission value that reflects the rate of return on investment of 12% annually according to the above-mentioned Council of Ministers' Resolution No. (7633). In this regard, the Company is still negotiating with the Government to reach an agreement regarding the final commission amount (Note 28).

11. The rental value of the assets transferred from the Company to Jordan Petroleum Products Marketing Company (JPPMC) shall be calculated according to the Land and Survey Department's approved rate of (8 %) on the land and buildings valued at JD 4.9 million from these buildings transfer date up to date. Moreover, the Company insists on rejecting the above clause, as the transferred assets are owned by Jordan Petroleum Refinery Company under the concession expiry agreement which stipulated that the stations are owned by Jordan Petroleum Refinery Company and that they are transferred to the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company. In addition, the Company has the right to dispose of its assets legally pursuant to Article (236) of the Civil Law. Meanwhile, the assets were transferred at their net book value in the same manner assets were transferred at their net book value to other marketing companies under the agreement signed between the three marketing companies and the Ministry of Energy and Mineral Resources. Moreover, the concession expiry agreement stipulated that the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company applies to other marketing companies. As a result of the negotiations between the Company and the Government, it was agreed that the Ministry of Finance would recommend to the Council of Ministers cancellation of this item, and accordingly, the Council of Minsters issued Resolution No. (1080) in its meeting held on January 24, 2021, which included considering this item as cancelled from the Council of Ministers' Resolution No. (7633), taken in its meeting held on April 30, 2018, and not claiming from the Jordan Petroleum Refinery Company a rent allowance for the assets transferred to the Jordan Petroleum Products Marketing Company (a subsidiary company).

- In implementation of the Council of Ministers' Resolution No. (11110), taken in its meeting held on August 16, 2015, and the Resolution of the Company's General Assembly, taken in its meeting held on November 8, 2012, the land swap between Aqaba Special Economic Zone Authority (ASEZA) and Jordan Petroleum Refinery Company took place during September 2019. In the swap, (ASEZA) ceded (6) plots of land of an area of (442) acres to Jordan Petroleum Refinery Company. In return, the Company ceded its own plot of land No. (23), Parcel (13), Tract (13) of an area of approximately (88) acres, located within the southern port tract to (ASEZA).

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

1. The Company recorded delay interest on the Ministry of Finance's due and unpaid balances at the effective borrowing rate starting from May 1, 2018 according to the Council of Minister's Resolution No. (7633), taken in its meeting held on April 30, 2018.

2. Effective from May 1, 2018, the Company has discontinued calculating interest at 0.5% per annum on the debts of Alia Jordan Airlines Company - Royal Jordanian, and has applied the effective borrowing rate based on the debt repayment agreement signed between the two parties. In addition, these companies' balances have been matched, and the balance due from Alia Jordan Airlines Company - Royal Jordanian and the discount deposits due to this company have been offset under the agreement signed between the two companies on November 26, 2019 (Note 9/C).

3. The Company has recorded fees for storing the Government-owned strategic inventory at an amount of JD 3.5 per cubic meter according to the storage capacity for each material based on the Ministry of Finance's Letter No. 18/4/33072, dated November 25, 2018.

4. Profit settlement with the Government calculation has been discontinued, and the related balance has been recognized in the consolidated statement of profit or loss up to April 30, 2018, according to the Council of Ministers' Resolution No. (7633), taken in its meeting held on April 30, 2018. The resolution terminated the relationship between the Company and the Jordanian Government, and consequently, the Company started operating on a commercial basis on May 1,2018 (Note 28).

5. During 2020, the Company recorded an amount of JD 7,535,589 as revenue against the commission difference of filling the cylinders according to the Council of Ministers' Resolution No. (7633), taken in its meeting held on April 30, 2018. This resolution has set the commission amount for the period from May to December 2018 at JD 43 per ton sold. Accordingly, the Company recorded an amount of JD 18 per ton sold, representing the commission difference included in the (IPP) pursuant to the aforementioned resolution, and in consistency with the year 2018. Meanwhile, the Government has not amended the oil derivatives price bulletin (IPP) up to date, and the commission for the years 2019 and 2020 has not been determined yet, which reflects the return on investment of 12% annually. After agreement on the final amount of the commission is reached, its financial impact shall be reflected in the subsequent fiscal periods.

5. Significant Accounting Policies

Basis of Preparation of the Consolidated Financial Statements

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations.
- The consolidated financial statements are stated in Jordanian Dinar.
- The consolidated financial statements have been prepared in accordance with the historical cost principle except for financial assets and financial liabilities, which are stated at fair value at the date of the consolidated financial statements.
- The accounting policies adopted for the preparation of the consolidated financial statements for the current year are consistent with those applied in the year ended December 31, 2019, except for the effect of the adoption of the new and amended standards mentioned in Note (6-B).

- 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 and its subsidiaries under its control. Moreover, control is achieved when the Company has authority over the investee company, it is exposed to variable returns or holds rights for participating in the investee company, and it is able to exercise its authority over the investee company, which affects the investee company's revenue.

Control is achieved when the Company:

- Has the ability to control the investee company.
- Is exposed to variable returns or has the right to variable returns resulting from its association with the investee company.
- Has the ability to use its authority to influence the investee's returns.

- The Company re-evaluates its control over the investee Company if the facts and circumstances indicate changes to the above control elements.
- The subsidiaries' financial statements are prepared for the same financial year of the parent company, using the same accounting policies as those of the parent company. If the subsidiaries adopt accounting policies different from those of the parent company, the necessary adjustments are made to the subsidiaries' financial statements to conform to the accounting policies of the parent Company.
- The subsidiaries' results of operations are consolidated in the consolidated statement of profit or loss from the date of their acquisition, which is the date on which effective control over the subsidiary takes place. The results of the disposed-of subsidiaries are consolidated in the consolidated statement of profit or loss up to the disposal date, which is the date on which the Company loses control over the subsidiaries.

The Company has control power when the voting rights are sufficient to grant it the ability to direct the activities of the related subsidiary unilaterally. The Company takes into consideration all the facts and circumstances in assessing whether the Company has voting rights in the investee company that enable it to exercise or not exercise control. Among these facts and circumstances are the following:

- The size of the Company's holding of voting rights relative to the size and distribution of other voting rights.
- Potential voting rights held by the Company and any other voting rights or third parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances indicating that the Company has or does not have an existing responsibility for directing the relevant activities at the time of making the required resolutions, including how to vote at previous General Assembly meetings.

When the Company loses control over any of its subsidiaries, the Company:

- Derecognizes the subsidiary's assets (including goodwill) and liabilities.
- Derecognizes the book value of any non-controlling interest.
- Derecognizes the cumulative transfer differences recognized in owners' equity.
- Derecognizes the fair value of the consideration received.

- Derecognizes the fair value of any investment held.
- Derecognizes any surplus or deficit in the consolidated statement of profit or loss.
- Reclassifies the Company's owners' equity previously recognized in the consolidated statement of comprehensive income to the consolidated statement of profit or loss or retained earnings, as appropriate.

As of December 31, 2020, the Company owns the following subsidiaries, either directly or indirectly:

Company's Name	Authorized Capital	Ownership Percentage	Location	Establishment Date	Note
	JD	%			
Jordan Petroleum Products Marketing Company	65,000,00	100	Amman	February 12, 2013	Operating
Hydron Energy LLC	5,000,000	100	Amman	April 29, 2003	Operating
Jordan Liquefied Petroleum Gas Manufacturing and Filling Company (Paid 50%)	4,000,000	100	Amman	May 28, 2008	Non-operating
Jordan Lube - Oil Manufacturing Company (Paid 50%)	3,000,000	100	Amman	May 28, 2008	Non-operating
AL-Nuzha and Istiklal Gas Station for Fuel and Oil Company	5,000	60	Amman	January 8, 2014	Operating
Al-Markzeya Gas Station for Fuel Trade Company	10,000	100	Amman	May 28, 2014	Operating
Al-Karak Central Gas Station for Fuel Company	5,000	60	Al Karak	November 26, 2014	Operating
Al-Khairat for Fuel Company	5,000	100	Al Karak	November 11, 2014	Operating
Rawaby Al-Queirah Gas Station for Fuel and Oil Company	5,000	60	Al Aqaba	June 22, 2015	Operating
Al-Aon for Marketing and Distribution Fuel products Company	1,005,000	60	Amman	January 10, 2016	Operating
Jordanian German for Fuel Company	125,000	60	Amman	October 8, 2015	Operating
Qaws Al-Nasser for Fuel Stations Management Company	3,000	100	Irbid	December 29, 2014	Operating
Al-Tariq Al-Da'ari Gas Station for Fuel Company	5,000	60	Amman	June 10, 2015	Operating
Al Kamel Gas Station for Oil and Fuel Company	5,000	60	Amman	February 26, 2017	Operating
Al-Wadi Al-Abiad Gas station for Fuel Company	5,000	60	Amman	August 4, 2015	Operating
Al-Muneirah Gas Station for Fuel and Oil Company	5,000	100	Amman	November 6, 2014	Operating
Al-Tanmwieh Al-A'ola Gas Station for Fuel Company	5,000	60	Amman	November 19, 2015	Operating
Al Qastal Gas Station for Oil and Fuel Company	5,000	60	Amman	June 19, 2017	Operating
Taj Amon Gas Station for Fuel Company (Paid 50%)	5,000	80	Amman	September 20, 2017	Operating
Al Shira' Gas Station for Fuel and Oil Company (Paid 50%)	5,000	95	Aqaba	February 19, 2017	Non-operating - under renovation
Al-Failaq Gas Station for Fuel and Oil Company (Paid 50%)	5,000	60	Amman	July 7, 2020	Non-operating - under renovation

- Jordan Petroleum Products Marketing Company (JPPMC) was established on February 12, 2013 with total assets of its own and of its subsidiaries of JD 322,450,338, while its total liabilities and those of its subsidiaries amounted to JD 239,955,649 as of December 31, 2020. The Company's consolidated losses amounted to JD (3,316,556), with non-controlling interest of JD 48,112, as of December 31, 2020. Moreover, the Company has started operating gradually since May 1, 2013, and part of Jordan Petroleum Refinery Company's distribution activity assets have been transferred at their net book value to JPPMC (a subsidiary company). The said transfer was mandatory to transfer the distribution activity to JPPMC. In addition, some employees of Jordan Petroleum Refinery Company have been assigned to work for JPPMC, which shall bear their employment costs. In the meantime, the task of providing consumers with oil derivatives has been transferred to JPPMC, except for asphalt, fuel oil, and gas clients, and some oil clients of security authorities. The required legal procedures to conclude the assets ownership transfer to JPPMC were completed.

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

b. The following are the most significant accounting policies adopted by the Company:

Inventory

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

Financial Assets at Fair Value through Other Comprehensive Income

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

- These assets are stated at fair value plus acquisition costs on acquisition and subsequently revalued at fair value. The change in fair value is reflected in the consolidated statement of comprehensive income and in owner's equity, including the change in fair value arising from translation differences of non-monetary assets denominated in foreign currencies. In case of the sale of these assets or part thereof, the resulting profit or loss is taken to the consolidated statement of comprehensive income and to the consolidated statement of changes in owner's equity. The fair value reserve balance of the financial assets sold is transferred directly to retained earnings and not through the consolidated statement of profit or loss.

- Dividend income is recognized in the consolidated statement of profit or loss.

Fair Value

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

In case declared market prices do not exist, or active trading of some financial instruments and derivatives is not available, or the market is inactive, fair value is estimated by 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 is recorded within received interest income in the consolidated statement of profit or loss.

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

Financial Instruments

Financial assets and financial liabilities are recognized in the Company's consolidated statement of financial position when the Company is a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to the fair value of the financial assets or financial liabilities or, where appropriate, deducted therefrom at initial recognition.

Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of financial assets or financial liabilities or deducted therefrom, where appropriate, at initial recognition.

All fully recognized financial assets are subsequently measured either at amortized cost or at fair value based on the classification of the financial assets.

Classification of Financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- The asset is acquired in a business model intended to hold assets to collect contractual cash flows.
- The contractual terms of the instrument on specific dates will result in cash flows that are only payments of principal and interest on the principal of the outstanding amount.

All other financial assets are measured at fair value.

Amortized Cost and Effective Interest Method.

An effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over a particular period.

The effective interest rate is the rate that exactly discounts the expected future cash payments (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums, or other discounts), except for expected credit losses, over the expected life of the debt instrument or, if appropriate, over a shorter period, to net book value at initial recognition. With respect to financial assets acquired or impaired, the adjusted effective interest income is determined by discounting the future expected cash payments, including the provision for expected credit losses, on the amortized cost of financial assets at initial recognition.

Foreign Exchange Currencies Gain and Losses

The book value of financial assets recorded in foreign currency is determined and translated at the rate prevailing at the end of each reporting period. For financial assets measured at amortized cost that are not part of a specific hedging relationship, currency differences are recognized in the consolidated statement of profit or loss.

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses on accounts receivable and checks under collection and updates the expected credit losses on each reporting date to reflect changes in creditworthiness since the initial recognition of the related financial instrument.

The Company constantly records the expected credit losses over their lifetime for accounts receivable and checks under collection. Moreover, the expected credit losses for these financial assets are estimated, using an allowance matrix based on the Group's past credit loss experience, and adjusted in line with the factors relating to the debtors and general economic conditions. Moreover, both the current and future trends are assessed on the reporting date, including the time value of money, as appropriate.

For all other financial assets, the Company recognizes the expected credit losses over their lifetime if there has been a significant increase in credit risk since initial recognition. The expected credit loss over their lifetime represents the expected credit losses that will arise from all probable defaults on payment over the expected lifetime of the financial instrument.

Provision for Expected Credit Losses

The Company has adopted a simplified approach to recognize expected credit losses over the life of its receivables and checks under collection as permitted by IFRS No (9). Accordingly, non-impaired trade receivables that do not contain a significant financing component have been classified as part of the second stage with the recognition of expected credit losses over their lifetime.

An allowance for the expected credit loss should be recorded over the life of the financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. Moreover, the expected credit losses are a probable weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company according to the contract and the cash flows that the Company expects to receive arising from the weighting of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is an objective evidence of impairment in value on an individual basis for each asset of individual value and collectively for other assets that are not individually significant.

Write-off of Financial Assets

The Company writes off financial assets when there is information indicating that the debtor is experiencing financial difficulties, and there is no realistic probability of recovery, for example. When the debtor is placed under liquidation or is in bankruptcy proceedings, or when accounts receivable are overdue for more than 12 months or more, accounts receivable are examined on a customer-by-customer basis, whichever is earlier.

The Company may continue to exert collection efforts regarding the written-off financial assets in an endeavor to recover receivables, taking into account legal advice, where appropriate. Any recoveries are recognized in the consolidated statement of profit or loss.

Derecognition of Financial Assets

The Company derecognises a financial asset only when the contractual rights related to the cash flows receivable from the asset expire, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another Company. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the transferred asset and the associated liability for amounts the Company may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Company continues to recognise the financial asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's book value and the amount of the consideration received or receivable is recognised in the consolidated statement of profit or loss.

Classification as Debt or Equity Instruments

Debt and equity instruments are classified either as financial liabilities or as owners' equity in accordance with the substance of the contractual arrangements, the definitions of the financial liability, and the owners' equity instrument.

Equity Instruments

An equity instrument is defined as a contract that proves ownership of the remaining shares of a company's assets after deducting all its liabilities. The equity instruments issued are recorded with the proceeds received net of the direct issue cost.

The re-acquisition of the Company's owners' equity instruments is recognized and deducted directly in owners' equity. No gain or loss is recognized in the consolidated statement of profit or loss when purchasing, selling, issuing, or canceling the Company's owners' equity instruments.

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost, using the effective interest method or at fair value through profit or loss.

Financial liabilities that are not from the following are subsequently measured at amortized cost, using the effective interest method:

- Probable consideration for the acquired company in a business combination.
- Held for trading.
- Designated at fair value through profit or loss.

Trade and other payables classified as "financial liabilities" are measured initially at fair value less transaction costs, and are subsequently measured at amortized cost, using the effective interest method. Interest expense is recognized on an effective yield basis.

The effective interest method is the method of calculating the amortized cost of a financial liability and allocating interest expense over the particular period. The effective interest rate is the rate that exactly discounts expected future cash payments within the expected life of the financial obligation or, where appropriate, a shorter period.

Derecognition of Financial Liabilities

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

Property and Equipment

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

	%
Buildings	**2 - 4**
Machinery and production equipment	**10**
Machinery and support services equipment	**10**
Tanks and pipelines	**4**
Electrical supplies and equipment	**10**
Products loading units	**10**
Vehicles	**15**
Office furniture and fixtures	**5 - 10**
Library and training equipment	**10**
Distribution stations assets	**20**
Other property equipment	**10**
Computers	**40**

- When the recoverable amount of any property and equipment becomes less than its net book value, its value is reduced to the recoverable amount, and the impairment loss is charged to the consolidated statement of profit or loss.

- The useful lives of property and equipment are revalued at the end of each year. If the expected useful lives differ from previous estimates, the change is recorded in subsequent years, being a change in estimate.

- Property and equipment are derecognized when disposed of or when no future benefits are expected from their use or disposal.

Intangible Aassets

Intangible assets are stated at cost and classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful lives are amortized over their estimated lives at an annual rate of 10%, and any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the intangible assets are reassessed, and any amendments are made in the subsequent period.

Any indications to impairment in intangible assets are reviewed at the consolidated financial statements date. Furthermore, the estimated useful lives for these assets is reviewed as well, and any impairment is recognized in the consolidated statement of profit or loss.

No intangible assets arising from the Company's operations are capitalized. Instead, they are recorded as an expense in the consolidated statement of profit or loss.

- 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 these units' assets and liabilities at the acquisition date.
- Goodwill is recognized as an intangible asset in a separate item, and subsequently, reduced by any impairment losses.
- Goodwill is distributed over the cash-generating unit(s) for the purpose of testing the impairment in its value.
- In case the cash-generating units are sold, goodwill value is considered upon determining the amount of profit or loss resulting from the selling transaction.

- Trademark

A trademark is a special mark or indicator used by the Company to indicate that the products or services provided to the consumer which the trademark appears on are originating from a single source and to distinguish its products or services from the products and services of other parties.

- Operating Lease Contracts:

Operating lease contracts are recognized at the value that the Company will incur in order to replace the stations of the acquired companies whose fixed assets have been purchased through operating lease contracts.

Investment Property

Investment property is stated at cost less accumulated depreciation (except for lands), and any impairment loss is recognized in the consolidated statement of profit or loss. The operating income or expenses of these investments are recognized in the consolidated statement of profit or loss and depreciated (except for lands) using the straight-line method over their expected useful lives at annual depreciation rates ranging from 2 - 20%.

Taxes

- A provision for income tax is booked through estimating the expected tax liabilities. Moreover, the realized differences in income tax are recorded in the consolidated statement of profit or loss when paid upon reaching a final settlement with the Income Tax Department.
- Deferred taxes are expected to be paid or recovered due to temporary timing differences between the value of the assets or liabilities in the consolidated financial statements and the value on the basis of which taxable income is calculated. Furthermore, deferred taxes are calculated using the liability method in the consolidated statement of financial position according to the tax rates expected to be applied at the time of tax liability settlement or the recognition of the deferred tax assets.
- At the consolidated financial statements date, the balance of deferred tax assets and liabilities is reviewed and reduced in case it is expected that the Company would not benefit, in whole or in part, from the deferred tax assets, the tax liability is settled, or the tax asset is no longer needed.

Revenue Recognition

The Company recognizes revenues mainly from selling ready-made oil derivatives and mineral oils, providing storage services, and filling gas cylinders.

Revenue is measured at the fair value of the consideration received or receivable (net of returns and discounts) of the contracts with customers, and the amounts collected on behalf of others are excluded. Revenue is recognized when the Company transfers control of a product to the customer and the goods are shipped to a certain location (delivery). After delivery, the customer bears the primary responsibility when selling the goods, as well as the risk of obsolescence and loss related to the goods. Receivables are recognized by the Company when the goods are delivered to customers, representing the point at which the right to consideration becomes unconditional. The passage of time is only required before the payment becomes due.

Interest Income and Expenses

Interest income and expense for all financial instruments are recognized in the consolidated statement of profit or loss using the effective interest method. The effective interest rate represents the rate at which the estimated future cash flows of a financial instrument are discounted over the life expectancy of the financial instrument or, where appropriate, for a shorter period, to the net book value of the financial assets or financial liabilities. Future cash flows are also estimated by taking into account all contractual terms of the instrument.

Provisions

Provisions are recognized when the Company has obligations on the consolidated statement of financial position date arising from past events or payment of contingent liabilities which can be reliably measured.

Lease Contracts

Accounting policy adopted starting from January 1, 2019

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. Moreover, it recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and assets lease contracts of low value. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options.
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate-line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the book value to reflect interest on the lease liability (using the effective interest method) and by reducing the book value to reflect the lease payments made.

Lease liabilities are re-measured (and a corresponding adjustment to the related right-of-use asset is made) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of an exercise of a purchase option, in which case, the lease liability is re-measured by discounting the revised lease payments, using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments, using an unchanged discount rate (as long as the lease payments do not change due to a change in the effective interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease contract, in which case the lease liability is re-measured based on the modified lease contract term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective rate on the date of the modification.

Right-of-use assets are depreciated over the period of lease term or useful life of the underlying asset (which is shorter). If a lease contract transfers ownership of the underlying asset or the cost of the right-of-use asset reflecting that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate-line item in the consolidated statement of financial position.

The Company applies IAS No. (36) to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property and Equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition occurs and triggers those payments. These payments are included in the line "Other expenses" in the consolidation statement of profit or loss.

The Company as lessor
Leases in which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts.

The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the book value of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net

investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's outstanding net investment in respect of the leases.
When a contract includes both lease and non-lease components, the Company applies IFRS No. (15) to allocate the considerations received or receivable according to the contract of each component.

Accounting policy adopted until December 31, 2018

Lease contracts are classified as finance leases when the terms of the lease state the substantial transfer of all ownership risks and rewards to the lessees. Meanwhile, all other lease contracts are classified as operating leases.

The Company as a lessor

The amounts due from the lessees under finance leases are recognized as receivables at the net investment in the lease contracts. Moreover, finance lease income is distributed to accounting periods to reflect a constant periodic rate of return on the outstanding net investment with respect to the lease contracts.

Income from operating leases is recognized using the straight-line method over the life of the lease. The initial direct costs incurred in discussing and arranging the operating lease contract are also added to the book value of the leased assets and recorded according to the straight-line method over the lease term.

The Company as lessee

Assets acquired through finance leases are recorded at initial recognition at their fair value at the beginning of the lease or at the present value of the minimum lease payments, whichever is less. Finance lease liabilities are recorded at the same value, and these liabilities are presented in the consolidated statement of financial position as finance lease liabilities.

Lease payments are distributed between financing expenses and reduced financial lease liabilities in order to achieve a constant interest rate on the remaining balance of the finance lease liabilities, and financing expenses are recognized directly in the consolidated statement of profit or loss.

Operating lease payments are recognized as an expense in accordance with the straight-line method over the life of the lease, except in cases where another regular basis is more representative of the time pattern in which economic benefits from the leased asset are used. Contingent leases arising from operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating lease contracts, these incentives are recognized as a liability. The overall benefits from the incentives are recognized as a reduction in the lease expense on a straight-line basis, unless there is a systematic basis that is more representative of the time pattern in which economic benefits from the leased asset could be used.

6. Application of New and Revised International Financial Reporting Standards

a. Amendments not having a material impact on the Company's consolidated financial statements:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2020 or thereafter in the preparation of the Company's consolidation financial statements that did not materially affect the amounts and disclosures in the financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and Revised Standards	Amendments to the New and Revised International and Standards
Amendment to the International Financial Reporting Standard No. (9) Financial instruments, International Accounting Standard No. (39) Financial instruments: Recognition and Measurement, and the International Financial Reporting Standard No. (7) financial instruments disclosures related to Interest Rate Benchmark Reform	These amendments modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform; those amendments are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform. These amendments are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); These amendments require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.
Amendment to the International Financial Reporting Standard No. (3) "Business Combination" in terms of the Definition of a business	The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They •Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; •Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. •Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired. •Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. •Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.
Amendments to References to the Conceptual Framework in IFRS Standards to IFRS 2 Share based payments, IFRS 3 Business combinations, IFRS 6 Exploration for and evaluation of mineral resources, IFRS 14 Regulatory deferral accounts , IAS 1 Presentation of financial statements , IAS 8 Accounting policies, changes in accounting estimates and errors , IAS 34 Interim financial reporting , IAS 37 Provisions Contingent Liabilities and Contingent Assets, IAS 38 Intangible assets, IFRIC 12 Service concession arrangements, IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, IFRIC 22 Foreign Currency Transactions and Advance Consideration, and SIC-32 Intangible assets web site costs to update those pronouncements with regard to references to and quotes from the framework or incase referencing to a different framework from the conceptual framework to clarify it.	The company applied the amendments to IFRS (2),(6),(15);IAS (1),(8),(34),(37),(38) IFRIC (12),(19),(20),(22) and IFRIC (21) in the current year.

New and Revised Standards	Amendments to the New and Revised International and Standards
Amendments to IAS (1) Presentation of Financial Statements and IAS (8) Accounting Policies, Changes in Accounting Estimates and Errors in term of the definition of 'material'	Three new aspects of the new definition should especially be noted: •Obscuring. The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1 (IAS 1.30A) •Could reasonably be expected to influence. The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote. •Primary users. The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.
Amendments to IFRS (16) Leases in terms of Covid-19 Related Rent Concessions in relation to (Covid-19)	The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification

b. New and revised International Financial Reporting Standards issued and not yet effective:
The Company has not adopted the following new and amended IFRSs issued but not yet effective as at the date of the consolidated financial statements, and their details as follows:

Effective for annual periods beginning on or after	Amendments to new and revised IFRSs
January 1, 2021	Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS (9) Financial Instruments, IAS (39) Financial Instruments: Recognition and Measurement, IFRS (7) Financial Instruments Disclosures, IFRS (4) Insurance Contracts and IFRS (16) Leases) The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS (9), IAS (39), IFRS (7), IFRS (4) and IFRS (16)) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.
January 1, 2022	Amendments to IFRS (3) Business Combinations relating to Reference to the Conceptual Framework. The amendments update an outdated reference to the Conceptual Framework in IFRS (3) without significantly changing the requirements in the standard.
January 1, 2022	Amendments to IAS (16) Property, Plant and Equipment relating to Proceeds before Intended Use. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
January 1, 2022	Amendments to IAS (37) Provisions, Contingent Liabilities and Contingent Assets relating to Onerous Contracts - Cost of Fulfilling a Contract. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Effective for annual periods beginning on or after	Amendments to new and revised IFRSs
January 1, 2022	Annual Improvements to IFRS Standards 2018 – 2020 Makes amendments to the following standards: • **IFRS (1) First**-Time Adoption of International Financial Reporting Standards – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS (1) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. • **IFRS (9) Financial Instruments** – The amendment clarifies which fees an entity includes when it applies the '10%' test in paragraph B3.3.6 of IFRS (9) in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. • **IFRS 16 Leases** – The amendment to Illustrative Example (13) accompanying IFRS (1)6 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. • **IAS (41) Agriculture** – The amendment removes the requirement in paragraph 22 of IAS (41) for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
January 1, 2023	Amendments to IAS (1): Presentation of financial statements related to classification of liabilities as current or non-current. The amendments aim to enhance consistency in the application of requirements by helping the entity to determine whether debts and other liabilities should be classified in the statement of financial position to which it has a settlement date uncertain as current (due or likely to be due within one year) or not current.
January 1, 2023	Amendments to IFRS (4) Insurance Contracts extending the temporary exemption from applying the IFRS (9). The amendment changes the expiration date specified for the temporary exemption in the IFRS (4) from the application of the IFRS (9) Financial Instruments, so that companies are required to apply the IFRS (9) for the annual periods that begin on or after January 1, 2023.
January 1, 2023	Amendments to IFRS (17) Insurance Contracts Amendments to IFRS (17) addresses the concerns and application challenges which have been identified after publishing IFRS (17) in 2017. The main changes includes the following: •Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. •Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. •Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. •Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. •Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. •Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. •Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. •Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. •Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

Effective for annual periods beginning on or after	Amendments to new and revised IFRSs
Deferred indefinitely, Adoption is still permissible	Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) in terms of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Management expects to apply these new standards, interpretations, and amendments to the Company's consolidated financial statements when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may have no material impact on the Company's consolidated financial statements in the initial application.

7. Significant Accounting Policies and Main Sources of Uncertain Estimates

Preparation of the consolidated financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions, and changes in the fair value shown within owners' equity. In particular, management is required to issue significant judgments and estimates to assess future cash flows and their timing. The aforementioned estimates are necessarily built on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

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

- The Company's Management is required to use significant judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risks of a significant increase in the credit risk of financial assets after initial recognition and future measurement information of expected credit losses.

- The expected credit loss is measured as a provision that equals the expected credit loss provision over the life time of the asset.

- When measuring the expected credit loss, the Company uses reasonable and supported future information based on the assumptions of the future movement of the various economic engines and how these engines affect each other.

The probability of default is a key input in measuring the expected credit loss. The probability of default is considered as an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

Loss Given Default is an estimate of loss resulting from payment default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account the cash flows from the additional collaterals and the integrated credit adjustments.

- The Company's Management uses significant estimates and assumptions to determine the amount and timing of the revenue recognition under IFRS (15), "Revenue from contracts with customers".

- The fiscal year is charged with the income tax expense in accordance with the International Financial Reporting Standards, regulations, and laws.

- Management periodically re-estimates the useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of those assets and estimates of their expected useful lives in the future. Any impairment loss is taken to the consolidated statement of profit or loss.

- A provision is made for the cylinders that are expected to be written off, replaced, and repaired in the future, depending on approved bases and assumptions in accordance with the price bulletin of oil derivatives in Jordan (IPP).

- A provision is made to meet the legal and contractual obligations for end-of- service indemnity; and compensation for disability, death, employees' vacations, and work injuries under the applicable regulations and instructions of the Company.

- A provision is made for the legal cases raised against the Company, based on a legal study prepared by the Company's legal advisors, under which potential future risks are identified. This study is reviewed periodically.

- A provision is made for slow-moving and obsolete and sediment inventory and water that exist in the Company's tanks, and the cost of removing them based on technical studies by the competent authorities and the reports of the inspectors.

- Extension and termination options are included in a number of lease contracts. These terms are used to maximize the operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable both by the Company and the respective lessor.

- In determining the lease contracts term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

- The lease payments (if any) are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of the lease contract.

- Fair value hierarchy: The level of the fair value hierarchy in which the complete fair value measurements are classified is determined and disclosed. Moreover, the fair value measurements are split in accordance with the levels specified in IFRS. The difference between level (2) and level (3) for fair value measurements is an assessment of whether information or inputs are observable and the extent of information that is not observable, which requires accurate judgment and analysis of inputs used to measure fair value, including consideration of all factors that concern the asset or liability.

Management believes that its estimates in the financial statements are reasonable and similar to the estimates adopted in preparing the consolidated financial statements for the year 2019, except for the following:

Given that the crude-oil-producing countries, also known as OPEC+, did not reach an agreement on reducing production during March 2020, which was also accompanied by the Corona virus pandemic, the crude oil and finished oil derivatives' prices were negatively affected by the increase in supply and the decrease in demand, as well as the decrease in demand caused by the change in social behavior resulting from the curfew imposed in the Kingdom and different countries around the world. The demand for finished oil derivatives in the Kingdom was also affected, specifically, during the period from March 18, 2020 until the end of May 2020. Moreover, Jet-fuel sales are still being affected due to the precautionary measures to prevent the spread of the coronavirus implemented by countries on the movement of aircraft and transportation between countries.

The decline in the prices of crude oil and finished oil derivatives during the year 2020 led to a decrease in the value of the Company's inventory, as the Company evaluates its inventory at cost or realizable value, whichever is lower, in accordance with the International Financial Reporting Standards. This matter caused the Company to incur losses resulting from the decrease in the value of its inventory at the end of the year compared to the value of its inventory at the beginning of the year, despite the fact that the Company maintained its inventory quantities in a manner that would make up for the future losses arising from its inventory devaluation. Accordingly, the Company reduced all its costs to the minimum possible during the year 2020, and during the year 2020, it imported the equivalent of four million barrels of crude oil at low prices. This greatly alleviated the impact of the decline in the value of its inventory resulting from the decline in international prices of crude oil and oil derivatives.

In light of the recovery of crude oil prices and oil derivatives as a result of the crude- oil-producing countries reaching an agreement to reduce their production, and as a consequence of the return to normal life in light of the world adaptation to coexist with the Corona virus pandemic, the Company hopes to recover the losses it incurred in the year 2020 during the subsequent financial periods.

8. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Cash on hand	2,173,084	1,150,201
Current accounts at banks	11,861,288	20,706,734
	14,034,372	21,856,935

9. Receivables and Other Debit Balances

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Security authorities, governmental departments and institutions, and the National Electricity Company (a)	209,086,739	162,364,992
Fuel clients and others (b)	55,774,270	55,114,291
Alia Company - Royal Jordanian Airlines (c)	8,839,676	9,525,690
Checks under collection (d)	28,231,647	31,450,028
Total receivables	**301,932,332**	**258,455,001**
Ministry of Finance – the relationship (e)	72,712,083	211,270,511
General sales tax deposits (f)	124,510,001	116,488,695
Other debit balances (g)	3,919,728	3,278,878
Employees receivable	1,784,658	1,641,262
Letters of credit deposits and purchase orders – Subsidiary Company	766,121	2,642,685
Prepaid expenses (h)	17,229,705	15,487,756
Contract acquisition expenses - Subsidiary Company (i)	6,302,786	6,265,884
	529,157,414	**615,530,672**
Less: Expected credit losses provision (j)	(21,812,417)	(16,982,422)
	507,344,997	**598,548,250**

The Company adopts a policy of dealing with creditworthy counterparties in order to mitigate the risk of financial losses arising from non-fulfillment of obligations. The aging of receivables is as follows:

	December 31,	
	2020	2019
	JD	JD
1 day – 119 days	81,740,961	90,344,865
120 days – 179 days	14,801,750	14,798,171
180 days – 365 days	43,828,868	45,736,617
More than a year *	161,560,753	107,575,348
Total	**301,932,332**	**258,455,001**

- The Company reviews the aging of the receivables and the adequacy of the provisions to be booked at the end of each financial period.

*This item includes receivables of JD 142,455,266 due from Governmental agencies or guaranteed by the Government whose maturity exceeded one year. The Company's management believes that it has the ability to collect these receivables, and there is no need to record any provisions against them. The receivables include amounts due from partners in subsidiaries of JD 4,370,011 which are past due for over one year. The Company's Management believes that there is no need to record any additional provisions against these receivables. Moreover, agreements have been signed with these partners for them to repay these receivables against real estate mortgages along with the transfer of profits resulting from the subsidiaries' operations to the Company.

a. This item includes receivables for fuel withdrawals by the ministries, governmental departments and entities, security agencies, the National Electricity Company, and power-generating companies of JD 180,251,968 related to the refining and gas activities, JD 8,584,045 for the oil activity, and JD 20,250,726 for the Jordan Petroleum Products Marketing Company as of December 31, 2020.

- This item includes receivables of the electricity and power-generating companies against fuel withdrawals of JD 72,185,201 as of December 31, 2020 (JD 72,193,099 as of December 31, 2019).

- The Company has committed to reducing the debt of departments, institutions, and government and security agencies by JD 317,601,186 during the year 2019, according to the Company's borrowing agreement with banks of JD 455,505,000, on behalf of the Government to pay part of the debt owed by the Government in exchange for the issuance of pledges by the Ministry of Finance to pay the loan amount and interest thereon. The agreement was signed between the Company and the Jordanian Government represented by the Minister of Finance, according to the Council of Ministers' Resolution No. (9158) taken in its meeting held on March 24, 2020.

- Based on the approval of the Offsetting Committee on June 7, 2020, to conduct the offsetting submitted by the Jordan Petroleum Products Marketing Company to the Ministry of Finance between the Jordanian Royal Medical Services' debt of JD 2,651,001, the General Directorate of Civil Defense's debt of JD 3,449,364, the Jordanian Armed Forces - Arab Army's debt of JD 3,768,905 and the Ministry of Health's debt of JD 1,827,031, and the amounts owed to the Income and Sales Tax Department of JD 11,696,301, the above-mentioned offsetting was implemented during July 2020.

- Upon Jordan Petroleum Products Marketing Company's request submitted to the Ministry of Finance, and approved on January 16, 2019, for offsetting the Public Security Directorate's debts and the special tax due from the Company, the Public Security Directorate's debts of JD 9,489,474 have been offset against part of the special tax due from the Company during the year 2019.

- Upon the Jordan Petroleum Products Marketing Company's request submitted to the Ministry of Finance, and approved on March 27, 2019, for offsetting the Public Security Directorate's debts against the special tax due from the Company, the Public Security Directorate's debts of JD 5,373,483 have been offset against part of the special tax due from the Company during the year 2019.

- Upon Jordan Petroleum Products Marketing Company's request submitted to the Ministry of Finance, and approved on January 31, 2019, for offsetting the debts of the General Directorate of Civil Defense and the general tax due from the Company, the debts of the General Directorate of Civil Defense of JD 4,644,685 have been offset against part of the general tax due from the Company during the year 2019.

- Upon Jordan Petroleum Products Marketing Company's request submitted to the Ministry of Finance, and approved on November 25, 2019, to offset the debts of the Ministry of Health of JD 2,454,472, and the Jordanian Armed Forces of JD 2,730,983 against part of the special tax due from the Company, the above- mentioned offsetting has been implemented.

- Upon Jordan Petroleum Products Marketing Company's request submitted to the Ministry of Finance to offset the debts of the Ministry of Education of JD 1,638,914 against part of the special tax due from the Company, the above-mentioned offsetting has been implemented during September 2020.

b. This item includes fuel customers' receivable and others of JD 10,105,896 related to the refining and gas activities, JD 4,312,309 related to the oil factory, and JD 41,356,065 related to Jordan Petroleum Products Marketing Company as of December 31, 2020.

c. On March 6, 2016, the Company signed a settlement agreement related to the outstanding debt with Alia Company - Royal Jordanian Airlines, whereby 10% of the debt balance was paid during March 2016. Meanwhile, Alia Company – Royal Jordanian Airlines commits to paying the remaining amount in 60 installments, the first of which is due on March 31, 2016, and the last on February 28, 2021 at the effective borrowing average rate incurred by Jordan Petroleum Refinery Company. Moreover, Alia Company – Royal Jordanian Airlines undertakes to pay all the subsequent invoices on their due date. Accordingly, Jordan Petroleum Refinery Company has not recorded any additional provisions as a result of this settlement. Furthermore, the Ministry of Finance has informed Jordan Petroleum Refinery Company in Letter No. (18/4/15391) dated September 26, 2016, that the provision recorded for Alia Company – Royal Jordanian Airlines should be reversed, since Alia Company – Royal Jordanian Airlines is committed to paying its payments, provided that Alia Company – Royal Jordanian Airlines continues to comply with the settlement according to the agreement signed with the Company in March 2016 and pay its monthly withdrawals on time. Accordingly, Jordan Petroleum Refinery Company has reversed the provision recorded for Alia Company – Royal Jordanian Airlines of about JD 31 million in year 2016.

- In accordance with the Council of Minister's Resolution No. (11131), taken in its meeting held on August 16, 2015, a quantity discount was granted to jet fuel consumers on the selling price of Jet fuel approved by the monthly Fuel Pricing Committee according to the consumption segments from August 1, 2015 to December 31, 2016, provided that the said discount is calculated annually. Moreover, the Council of Ministers issued Resolution No. (293) in its meeting held on October 23, 2016, which stipulated amendment of the Jet fuel consumption segments for one year as of October 31, 2016. Additionally, in its meeting held on February 26, 2017, the Council of Ministers issued Resolution No. (1958) which retroactively approved amendment of the implementation commencement date of the resolution amending the discount segments under the Council of Ministers' Resolution No. (293) effective from August 1, 2015, instead of October 31, 2016. Based on the above resolutions, the discount due to Alia Company – Royal Jordanian Airlines for the period from August 1, 2015 to July 31, 2017 amounted to JD 29,947,993.

- Pursuant to the Company's Board of Directors' Resolution No. (5/2/1), taken in its meeting No. (1/2018), dated March 12, 2018, the Company deducted the amount of JD 15,523,797 from Alia Company – Royal Jordanian Airlines debt during the year 2017, provided that the remaining discount balance is reduced from the Company's monthly withdrawal invoices after deducting the outstanding and unpaid invoices from the date of signing a new agreement between the two Companies until July 31, 2018. The discount due for the period from August 1, 2017 to the expiry of the specified discount shall be treated under the Council of Ministers' resolutions by reducing (40%) of Alia Company – Royal Jordanian Airlines debts, and (60%) of the Company's monthly withdrawals. In case the relationship with the Government is terminated, the discount shall be calculated up to April 30, 2018, according to the same rates stated above. After this date, the Council of Ministers' resolutions shall be applied independently from Jordan Petroleum Refinery Company. Pursuant to the Council of Ministers' Resolution No. (4141), taken in its meeting held on August 20, 2017, the extension of the discount period granted to Alia Company – Royal Jordanian Airlines was approved for an additional year effective from October 31, 2017.

- Pursuant to the Council of Ministers' Resolution No. (5614), taken in its meeting held on December 17, 2017, the interest rate charged on Alia Company – Royal Jordanian Airlines' debt due to Jordan Petroleum Refinery Company, which was 4.4% per annum on December 20, 2016, has been reduced to 0.5% per annum. Moreover, interest income for the years 2015 and 2016 to date has been reversed in the form of a future balance, so that the resulting financial impact will be settled within the financial relationship between the Ministry of Finance and Jordan Petroleum Refinery Company. As of May 1, 2018, the Company has calculated the effective borrowing average interest rate annually in accordance with the debt settlement agreement with Alia Company – Royal Jordanian Airlines. Moreover, implementation of the above resolution has been suspended by the Company.

- Pursuant to the Council of Ministers' Resolution No. (1958), taken in its meeting held on February 26, 2017, it was approved to charge the discount granted to Alia Company to the Ministry of Finance's account directly without reducing the discount from the Company's sales revenue.

- During the period ended April 30, 2018, the Company recorded an amount of JD 11,659,699 to the Ministry of Finance account as a discount to Alia Company according to the above-mentioned Council of Ministers' resolutions. The amount of JD 4,663,880 has been reduced from the balance of the debt settlement agreement, and the amount of JD 6,995,819 was recorded as deposits to Alia Company, pursuant to the Company's Board of Directors' Resolution No. (5/2/1). The Company did not calculate any discounts as of May 1, 2018.

- The Company sent Letter No. (2/25/51/1/1/6814), dated September 30, 2018, to Alia Company – Royal Jordanian Airlines, stating that if Alia Company is willing to continue to implement the resolutions of the Council of Ministers regarding the discount and reduce the interest rate through Jordan Petroleum Refinery Company, the Company shall be provided with a letter from the Ministry of Finance stating its approval to record the amount of the discount and interest difference directly to the Ministry of Finance's accounts. These amounts shall be taken within the settlement of the financial relationship between Jordan Petroleum Refinery Company and the Government pursuant to the Council of Ministers' Resolution No. (7633), taken in its meeting held on April 30, 2018.

- Alia Company – Royal Jordanian Airlines has invited licensed companies to tender for supplying Royal Jordanian aircraft with jet fuel according to the resolution of the Ministry of Energy and Mineral Resources, which includes the resolution for the licensed marketing companies to start the activity of supplying jet fuel. The tender was awarded to Jordan Petroleum Products Marketing Company – a subsidiary. As a result, a fuel supply agreement was signed between Alia Company – Royal Jordanian Airlines and Jordan Petroleum Products Marketing Company on November

1, 2018. Moreover, the direct supply activity to Alia Company – Royal Jordanian Airlines has been transferred from Jordan Petroleum Refinery Company to Jordan Petroleum Products Marketing Company – a subsidiary company.

- Pursuant to with the Council of Ministers' Resolution No. (2674), taken in its meeting held on January 9, 2019, the quantity discount granted to Alia Company - Royal Jordanian Airlines was extended to November and December of 2018.

- Pursuant to the Council of Ministers' Resolution No. (3874), taken in its meeting held on March 27, 2019, the quantity discount granted to Alia Company – Royal Jordanian Airlines was extended from January 1, 2019 to December 31, 2019, provided that the discount is settled through the financial relationship between the Government and Jordan Petroleum Refinery Company.

- Pursuant to the Ministry of Finance's Letter No. (18/4/20267), dated September 27, 2019, which included the request of the Ministry of Finance to charge the discount difference due to Alia Company - Royal Jordanian Airlines according to the above-mentioned resolutions to the financial relationship between the Government and JPRC until the end of the due discount, Jordan Petroleum Refinery Company has recalculated the due discount up to July 31, 2018, but has not calculated the discount after this date, as the direct supply relationship between Jordan Petroleum Refinery Company and Alia Company – Royal Jordanian Airlines ended on October 31, 2018. This resulted in recording an amount of JD 9,645,385 in the balance of the financial relationship between the Company and the Government; a decrease in Alia Company - Royal Jordanian Airlines debt settlement agreement of JD 3,858,154; and the recording of an amount of JD 5,787,231 as discount deposits due to Alia Company –Royal Jordanian Airlines within accounts payable and other credit balances.

- Based on the agreement between Jordan Petroleum Refinery Company and Alia Company - Royal Jordanian Airlines signed on November 26, 2019, and after all the balances between the two Companies have been matched, both parties agreed to offset the accrued outstanding balance due from Alia Company - Royal Jordanian Airlines related to the refining and gas activity against the discount deposits balances and interest deposit balances of Alia Company - Royal Jordanian Airlines. Accordingly, the offsetting took place and resulted in an amount of JD 11,253,235 payable to Alia Company - Royal Jordanian Airlines and booked in the Company's records for the refining and gas activity (note 18/K).

- This item includes accounts receivable of JD 11,837 related to the oil factory, and JD 8,827,839, related to Jordan Petroleum Products Marketing Company as of December 31, 2020.

d. The maturity date of checks under collection of the refining and gas activities extends up to January 5, 2021, and these checks amounted to JD 2,468,479. Meanwhile, the maturity date of checks under collection of the oil factory extends up to June 15, 2021, and these checks amounted to JD 2,733,902. Moreover, the maturity date of checks under collection of Jordan Petroleum Products Marketing Company extends up to November 1, 2021, and these checks amounted to JD 23,029,266.

e. The Ministry of Finance's item (relationship) includes an amount related to the refining and gas activity of JD 68,240,240 and JD 4,471,843 for Jordan Petroleum Products Marketing Company as of December 31, 2020.

- According to the Ministry of Finance's Letter No. (8AR/ 4/5197), dated February 18, 2020, the balance of the financial relationship with the Government as of December 31, 2018 amounted to JD 591,669,659, and was confirmed. Moreover, the National Electricity Company has to match its debt as per its own records with that as per the records of Jordan Petroleum Refinery Company. Accordingly, the National Electricity Company has confirmed the balance in its Letter No. (7216/2503), dated March 11, 2020, and requested that it be allowed to pay the balance over three years in monthly installments. The Company is still in the negotiation stage regarding the installment period.

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

- Upon the request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance to offset part of the debt of the Ministry of Finance (the Ministry of Finance's main account - the relationship) in favor of the Company, and the general and special taxes contained in the customs statements in favor of the Customs Department, the Customs Department approved the offsetting on March 16, 2020, while the Clearing Committee approved it on July 6, 2020, for an amount of JD 58,042,756. The offsetting procedures were completed during July 2020.

- Upon the offsetting request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance, which includes a request to offset part of the Ministry of Finance's account - the relationship owed to the Company of JD 137,667,786, and the balance of the deposits for the differences in pricing of derivatives and surpluses due to the Government of JD 44,167,683, and the balance of the deposits for constructing replacement tanks due to the Government of JD 93,500,103, for the balances as of September 30, 2020, the Ministry of Finance's Letter No. (18/4/694), dated January 10, 2021, was received, and included the approval to conduct the above-mentioned offsetting based on the offsetting instructions in force. The offsetting was carried out at the Ministry of Finance on January 4, 2021, provided that it is recorded in the financial statements for the year 2020, according to the balances of the financial relationship between the Company and the Government contained in the Company's Letter No. (2/25/51/1/8988), dated December 15, 2020.

- The below-mentioned balances of the general and special taxes included in the financial relationship balances between the Company and the Government match those in the records of the Income and Sales Tax Department as of December 31, 2020.

- According to the Council of Ministers' Resolution No. (5329), taken in its meeting held on July 10, 2019, which included approval for the assignment of the Jordan Petroleum Refinery Company to implement the terms of the Memorandum of Understanding for the processing and transportation of crude oil between the government of the Republic of Iraq and the government of the Hashemite Kingdom of Jordan, the Company signed the agreement, on August 1, 2019. The Company also issued a documentary credit in favor of the Central Bank of Iraq to cover the value of the amount of 10 thousand barrels per day throughout the year according to the monthly average price of a barrel of Brent crude oil minus USD 16. Moreover, the quantities of Iraqi oil were supplied at the end of August 2019. According to the minutes of meeting signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources, and the Jordan Petroleum Refinery Company on March 10, 2020, the balances and accounts of Iraqi crude oil were reconciled until December 31, 2019. Likewise, according to the minutes of meeting signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources, and the Jordan Petroleum Refinery Company on June 30, 2020, the balances and accounts of Iraqi crude oil were reconciled up to April 30, 2020. In addition, the supply of Iraqi oil stopped during May and June of 2020 due to low international prices, but resumed on July 1, 2020, and terminated by the end of November 2020. The Iraqi oil balances and accounts were reconciled until the expiry date of the current bid according to the minutes of meeting signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources, and the Jordan Petroleum Refinery Company on December 20, 2020. The Government is still negotiating with the Iraqi Ministry of Oil regarding the signing of a new supply agreement.

- The balances as of December 31, 2018 of the Ministry of Finance related to Jordan Petroleum Products Marketing Company were confirmed through the Ministry of Finance's approval of Jordan Petroleum Products Marketing Company's Letter No. (111/2/936), dated February 19, 2019.

- The balances as of December 31, 2019 of the Ministry of Finance related to Jordan Petroleum Products Marketing Company were confirmed through the Ministry of Finance's approval of Jordan Petroleum Products Marketing Company's Letter No. (111/2/1645), dated March 4, 2020.

- The balances as of December 31, 2020 of the Ministry of Finance related to Jordan Petroleum Products Marketing Company were confirmed through the Ministry of Finance's approval of Jordan Petroleum Products Marketing Company's Letter No. (111/2/1061) dated March 2, 2021.

End of the Relationship with the Government

Pursuant to the Council of Minister's Resolution No. (7633), taken in its meeting held on April 30, 2018, the Ministry of Finance shall calculate the amounts due to Jordan Petroleum Refinery Company until April 30, 2018, and such amounts shall be paid in installments during the years 2018, 2019 and 2020 with interest thereon of (30%, 40% and 30%). Moreover, these amounts shall be paid after the issuance of the General Budget Law and before the end of the second quarter of each year for the same year until full repayment in the year 2020. Meanwhile, the Ministry of Finance shall provide the Jordan Petroleum Refinery Company with a letter stating the amounts due to the Jordan Petroleum Refinery Company on April 30, 2018 and guaranteeing their payment with interest at the actual cost borne by the Company during the above period at the said rates.

As a result of the Government's failure to comply with the above resolution, and based on the agreement between the Company and the Government, the Council of Ministers' Resolution No. (6399) was taken in its meeting held on September 9, 2019. The resolution stipulated that the Company shall borrow an amount equivalent to about JD 457 million from banks to pay part of the balance of debts due to the Company from the Government until December 31, 2018 against the issuance of pledges by the Ministry of Finance to the assigned banks on the payment of the loans and interest thereon. During the first half of October 2019, the Company withdrew an amount of JD 455,505,000 from the banks assigned by the Ministry of Finance. In return, the Ministry of Finance issued pledges to these banks, promising to pay the loan principal and interest thereon. Consequently, the Company deducted the withdrawn amount of JD 455,505,000 from the balance of receivables due from the security authorities, ministries, departments, government agencies, and a part of the Ministry of Finance receivable in accordance with the agreement between the Company and the Ministry of Finance signed on June 16, 2020, as well as signed by the Minister of Finance, following the Council of Ministers' approval of the agreement and the authorization of the Minister of Finance to sign the agreement on behalf of the Jordanian Government, under the Council of Ministers' Resolution No. (9158), taken in its meeting held on March 24, 2020.

The Ministry of Finance has also committed itself to repaying all loan amounts and interest thereon to the banks, as these amounts were allocated within the General Budget Law for the year 2020 under the item "Loans installments for handling government arrears', according to the Ministry of Finance's Letter No. (18/4/9200), dated May 14, 2020. Moreover, the Jordanian government has paid all the due installments and interest to the assigned banks on their due date. In the opinion of the Company's management and its legal advisors, the Company will not have any obligations regarding the above loans and pledges.

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

	April 30, 2018
Amounts Owed to the Company	**JD**
Ministry of Finance' primary account (the relationship)	**220,480,978**
General sales tax deposits	**101,792,998**
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	101,513,938
Royal Air Force	136,424,517
Directorate of General Security	45,627,576
Directorate General of the Gendarmerie	9,553,718
Civil Defense	3,259,795
Departments, ministries, and Governmental agencies and institutions	3,280,986
National Electricity Company	76,413,291
Total Debts of Security authorities, Governmental Departments and Institutions, and the National Electricity Company	**376,073,821**
Total Amounts owed to the Company	**698,347,797**
Less: Amounts Owed to the Government:	
Price differences deposits for oil derivatives pricing surplus	43,746,064
Special sales tax deposits	1,738,247
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees, and allowances according to (IPP)	21,244,292
Total amounts due to the Government	**160,228,706**
Balance Owed by the Government to the Company	**538,119,091**

- The balance of the financial relationship between the Company and the Government related to the refining and gas activity as of December 31, 2018 (confirmed by the Ministry of Finance's Letter No. (AR8/4/5197)) is as follows:

	December 31, 2018
Amounts Owed to the Company	**JD**
Ministry of Finance's primary account (the relationship)	267,790,407
General sales tax deposits	106,334,261
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	88,823,533
Royal Air Force	168,094,404
Directorate of General Security	45,626,257
Directorate General of the Gendarmerie	8,425,446
Civil Defense	3,269,279
Departments, ministries, and Governmental agencies and institutions	3,362,267
National Electricity Company	76,378,522
Total Debts of Security authorities, Governmental Departments and Institutions, and the National Electricity Company	**393,979,708**
Total Amounts owed to the Company	**768,104,376**
Less: Amounts Owed to the Government:	
Price differences deposits of oil derivatives pricing surplus	44,022,727
Special sales tax deposits	2,861,098
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees, and allowances according to IPP	36,050,789
Total Amounts Owed to the Government	**176,434,717**
Balance Owed to the Company from the Government	**591,669,659**

- The balance of the financial relationship between the Company and the Government related to the refining and gas activities as of December 31, 2019 (after reducing the above-mentioned amount of JD 455,505,000 – Government loan) is as follows:

	December 31, 2019
Amounts Owed to the Company	**JD**
Ministry of Finance's primary account (the relationship)	**211,997,358**
General sales tax deposits	**114,624,265**
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	1,074,301
Royal Air Force	59,938,960
Directorate of General Security	2,181
Departments, ministries, and Governmental agencies and institutions	3,550,513
National Electricity Company	72,147,468
Total Debts of Security authorities, Governmental Departments and Institutions, and the National Electricity Company	**136,713,423**
Total Amounts owed to the Company	**463,335,046**
Less: Amounts Owed to the Government:	
Price differences deposits of oil derivatives pricing surplus	44,134,309
Special sales tax deposits	(2,189,866)
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees, stamps, and allowances according to IPP	48,609,966
Total Amounts Owed to the Government	**184,054,512**
Balance Owed to the Company from the Government	**279,280,534**

-The balance of the financial relationship between the Company and the Government related to the refining and gas activities as of September 30, 2020 (confirmed by the Ministry of Finance according to the Ministry of Finance's approval to implement the offsetting on January 4,2021) is as follows:

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

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

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

- In accordance with the minutes of the Company's meetings with the Ministry of Finance held on November 8, 9 and 16, 2017, in order to determine the balances of the financial relationship between Jordan Petroleum Refinery Company and the Government (excluding Jordan Petroleum Products Marketing Company and the Oil Factory) as at September 30, 2017, the Ministry of Finance takes it upon itself to repay the debts of the Armed Forces, the Royal Jordanian Air Force, the General Security Directorate, the General Directorate of the Gendarmerie, the other security authorities, and the Governmental Departments within the budget and the debts of the National Electricity Company for the refining and gas activities of JD 319,468,856 as of September 30, 2017. Moreover, the two parties have agreed that no provision shall be recorded for the debts of Royal Jordanian, the municipalities, the governmental universities, and financially or administratively independent Governmental institutions during the period of the relationship, provided that if these amounts are not collected through the court and the Company is obliged to write off some of them, the Ministry of Finance shall undertake to pay these debts and the related incurred costs.

f. The general sales tax deposits item includes an amount of JD 123,188,580 related to the refining and gas activities, and JD 1,321,421 related to the Jordan Petroleum Products Marketing Company as of December 31, 2020.

- In accordance with the Council of Ministers' Resolution No. (6953), taken in its meeting held on March 19, 2018, approval was obtained on exempting the quantities of gasoline (95) used in the production of gasoline (90) and (95) of the quantity (2,360,253) tons from the general and special sales tax for the period from May 1, 2013 until September 30, 2017. The resolution shall include any amount of gasoline (95) used in the mixing process for the production of gasoline (90 and 95) until the end of the financial relationship between the Government and the Jordan Petroleum Refinery Company. Moreover, the pending customs statements were processed at the Jordan Customs Department during July 2020.

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

- In accordance with the Council of Ministers' Resolution No. (6544), taken in its meeting held on September 23, 2019, all types of gasoline shall be included in Schedule No. 2 , annexed to the General Sales Tax Law for goods and services subject to the general sales tax at a rate of (zero).

- In its meeting held on January 3, 2016, under Resolution No. (13363), based on the recommendations of the Economic Development Committee in its meeting held on December 22, 2015, the Council of Ministers approved exempting the Company from general and special sales tax effective from May 1, 2013 on its imports related to the quantities sold to the marketing companies, provided that the general sales tax and special sales tax thereon are paid by those companies within the pricing structure of IPP. Moreover, the customs statements were processed at the Jordanian Customs Department during July 2020.

- The Income and Sales Tax Department's Letter No. (20/4/347) was received on February 16, 2021, and included the Department's approval to collect taxes on the Jordan Petroleum Refinery Company's sales to the three marketing companies through the marketing companies only. The letter also stated that the Jordan Petroleum Refinery Company is not obligated to pay taxes on its sales to the marketing companies. However, it is only obligated to pay tax on its sales to other customers.

- Upon the request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance to offset part of the debt of the Ministry of Finance (the Ministry of Finance' primary account – the relationship) for the benefit of the Company, and the general and special tax on the customs statements for the benefit of the Customs Department, the Customs Department approved this procedure on March 16, 2020, while the Offsetting Committee approved it on July 6, 2020, for an amount of JD 58,042,756. Meanwhile, the above offsetting procedure was completed during July 2020.

G. This item consists mainly of the current account of the Refinery's employees' Housing Fund and deposits at the Jordan Customs Department and other debts.

H. This item consists mainly of the prepaid expenses account related to the Company's insurance, rents, marketing, and security and protection; and contractors' prepayments for the establishment of gas stations, including an amount of JD 5,576,644 related to the refining and gas activity, and JD 11,653,061 related to Jordan Petroleum Products Marketing Company as of December 31,2020.

I. This item represents what was paid to the owners of the gas stations according to agreements through which Jordan Petroleum Products Marketing Company supplies these gas stations with their fuel needs. According to the agreements, the Company shall participate in building or modernizing the gas stations and installing pumps. Moreover, the gas stations shall bear the trade name of the Jordan Petroleum Products Marketing Company as their authorized distributor, and the related amounts shall be amortized over the contracts period or life of the asset, whichever is lower.

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

	2020	2019
	JD	JD
Balance at the beginning of the year	16,982,422	14,678,474
Provision recorded during the year – net	4,990,170	2,631,148
Recovered during the year	(160,175)	(327,200)
Balance at the End of the Year	**21,812,417**	**16,982,422**

-The provision for the expected credit losses includes an amount of JD 6,025,143 as of December 31, 2020 (JD 6,185,318 as of December 31, 2019) related to the refining and gas activity, and JD 2,262,372 as of December 31, 2020 (JD 1,920,676 as of December 31, 2019) related to the oil factory, and JD 13,524,902 as of December 31, 2020 (JD 8,876,428 as of December 31, 2019) for Jordan Petroleum Products Marketing Company. The provision is calculated after taking into consideration the debts guaranteed by the Government.

10. Crude Oil, Finished Oil Products, and Supplies

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Finished oil derivatives and lube oil	184,380,042	285,774,084
Crude oil and materials under process	47,189,794	41,863,633
Raw materials, spare parts, and other supplies	62,993,308	66,935,841
Goods in transit	9,856,245	20,567,297
Less: Provision for slow-moving and obsolete and sediments inventory*	(7,957,384)	(18,295,494)
	296,462,005	396,845,361

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

	2020	2019
	JD	JD
Balance at beginning of the year	18,295,494	18,877,426
(Provision) / Released during the year – net	(9,553,951)	1,100,414
Paid during the year	(491,186)	(1,674,056)
Less: written-off during the year	(292,973)	(8,290)
Balance at the End of the Year	**7,957,384**	**18,295,494**

11. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

Listed Shares	December 31,			
	2020		2019	
	Number of Shares	JD	Number of Shares	JD
Jordan Electricity Company	713,174	862,941	713,174	870,072
Safwa Islamic Bank	256,516	359,122	256,516	348,862
Arab Potash Company	47,300	993,300	47,300	967,285
Jordan Paper and Cardboard Factories Company	33,300	1,998	33,300	2,997
Public Mining Company	27,500	23,100	27,500	82,225
Palestine Development and Investment Company	28,060	15,517	28,060	21,915
Al Motarabita Investment Company	128,259	1,283	128,259	1,283
		2,257,261		2,294,639

12. Deferred Tax Assets

This item consists of the following:

Items that resulted in Deferred Tax Assets:	For the Year Ended December 31, 2020						
	Balance at the Beginning of the Year	Additions	Released	Balance at the End of the Year	Deferred Taxes	Transferred to Condolidated statement of profit or loss During the Year - Net	Value of deferred tax assets as of December 31, 2019
	JD	JD	JD	JD	JD	JD	JD
Expected credit losses provision	16,982,422	4,990,170	(160,175)	21,812,417	4,249,107	1,088,098	3,161,009
Gas cylinders provision	5,000,000	4,186,428	(4,186,428)	5,000,000	850,000	50,000	800,000
Employees' vacations provision	2,211,093	-	(249,822)	1,961,271	333,416	(20,359)	353,775
End-of-service indemnity provision	236,369	-	(198,510)	37,859	6,436	(31,383)	37,819
Slow-moving and obsolete and sediments inventory provision	18,295,494	-	(10,338,110)	7,957,384	1,352,755	(1,574,524)	2,927,279
Storage fees provision	9,889,819	3,064,510	(5,000,000)	7,954,329	1,352,236	(230,135)	1,582,371
lawsuits and other obligations provision	736,192	-	(113,842)	622,350	105,800	(11,991)	117,791
Acceptable tax (Losses) for the year	-	26,607,889	-	26,607,889	4,527,331	4,527,331	-
Differences from implementing IFRS (16) - a Subsidiary Company	692,808	1,290,410	-	1,983,218	412,569	267,079	145,490
	54,044,197	**40,139,407**	**(20,246,887)**	**73,936,717**	**13,189,650**	**4,064,116**	**9,125,534**

- The deferred tax assets for the year 2020 have been calculated at 17% for the refining, gas activities and oil factory activity and at 21% for Jordan Petroleum Products Marketing Company activity according to the Amended Income Tax Law No. (38/2018).

13. Investment Property - Net

This item consists of the following:

For the year ended December 31, 2020	Lands	Buildings	Equipment	Total
	JD	JD	JD	JD
Cost:				
Balance at the beginning of the year	641,541	238,699	42,000	922,240
Balance at the end of the year	**641,541**	**238,699**	**42,000**	**922,240**
Accumulated Depreciation:				
Balance at the beginning of the year	-	54,954	42,000	96,954
Additions	-	9,548	-	9,548
Balance at the end of the year	**-**	**64,502**	**42,000**	**106,502**
Net Book Value	**641,541**	**174,197**	**-**	**815,738**
For the year ended December 31, 2019				
Cost:				
Balance at the beginning of the year	641,541	238,699	42,000	922,240
Balance at the end of the year	**641,541**	**238,699**	**42,000**	**922,240**
Accumulated Depreciation:				
Balance at the beginning of the year	-	45,406	29,997	75,403
Additions	-	9,548	12,003	21,551
Balance at the end of the year	**-**	**54,954**	**42,000**	**96,954**
Net Book Value	**641,541**	**183,745**	**-**	**825,286**
Annual Depreciation Rate %		2	20	

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

This item consists of the followings:

	Lands	Buildings	Machinery and Production Equipment	Machinery and Support Services Equipment	Tanks and Pipelines	Electrical Machines and Equipment	Products Loading Units	Vehicles	Office Furniture and Fixtures	Library and Training Equipment	Distribution Stations Assets	Other Property and Equipment	Computers	Projects under Construction **	Total Excluding Lands and Projects under Construction	Total
Year 2020	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:																
Balance at the beginning of the year	44,466,200	76,747,639	101,883,864	46,103,672	83,984,422	35,927,823	31,910,797	44,065,957	4,283,233	26,883	21,978,526	111,008	10,204,313	39,884,879	457,228,137	541,579,216
Additions	744,862	390,639	3,828,857	877,273	64,126	1,000	-	1,544,167	795,661	-	3,267,587	-	129,287	6,307,473	10,898,597	17,950,932
Transfers from Projects under Construction	-	1,620,375	286,886	-	356,015	371,481	-	-	15,791	-	-	-	-	(2,650,548)	2,650,548	-
Disposals	-	(3,438)	(3,505)	-	-	-	-	(93,909)	(8,594)	-	(516,818)	-	-	-	(626,264)	(626,264)
Balance at the end of the year	45,211,062	78,755,215	105,996,102	46,980,945	84,404,563	36,300,304	31,910,797	45,516,215	5,086,091	26,883	24,729,295	111,008	10,333,600	43,541,804	470,151,018	558,903,884
Accumulated Depreciation:																
Balance at the beginning of the year	-	27,412,015	101,844,344	40,137,925	67,231,094	31,043,241	31,910,796	34,897,141	3,627,719	26,883	17,561,338	111,008	8,400,221	-	364,203,725	364,203,725
Additions	-	2,903,599	1,424,275	1,032,223	1,272,769	12,583	-	2,334,371	640,857	-	1,863,828	-	826,673	-	12,311,178	12,311,178
Disposals	-	(1,171)	(3,505)	-	-	-	-	(69,229)	(6,088)	-	(126,657)	-	-	-	(206,650)	(206,650)
Balance at the end of the Year	-	30,314,443	103,265,114	41,170,148	68,503,863	31,055,824	31,910,796	37,162,283	4,262,488	26,883	19,298,509	111,008	9,226,894	-	376,308,253	376,308,253
Land valuation difference from subsidiary acquisition	237,308	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237,308
Net Book Value as of December 31, 2020	**45,448,370**	**48,440,772**	**2,730,988**	**5,810,797**	**15,900,700**	**5,244,480**	**1**	**8,353,932**	**823,603**	-	**5,430,786**	-	**1,106,706**	**43,541,804**	**93,842,765**	**182,832,939**
Year 2019																
Cost:																
Balance at the beginning of the year	54,331,628	67,120,983	99,024,881	44,259,435	83,754,853	35,864,693	31,910,797	45,564,982	4,217,804	26,883	20,249,623	111,008	10,017,176	25,944,153	442,123,118	522,398,899
IFRS "16" implementation impact*	(9,865,428)	-	-	-	-	-	-	(2,741,551)	-	-	-	-	-	-	(2,741,551)	(12,606,979)
Beginning of the year adjusted balance	44,466,200	67,120,983	99,024,881	44,259,435	83,754,853	35,864,693	31,910,797	42,823,431	4,217,804	26,883	20,249,623	111,008	10,017,176	25,944,153	439,381,567	509,791,920
Additions	-	1,996,671	2,327,849	1,844,237	340,313	74,109	-	1,630,638	42,522	-	1,919,215	-	502,847	22,509,547	10,678,401	33,187,948
Transfers from Projects under Construction	-	7,777,074	531,634	-	232,096	-	-	-	28,017	-	-	-	-	(8,568,821)	8,568,821	-
Disposals	-	(147,089)	(500)	-	(342,840)	(10,979)	-	(388,112)	(5,110)	-	(190,312)	-	(315,710)	-	(1,400,652)	(1,400,652)
Balance at the End of the Year	**44,466,200**	**76,747,639**	**101,883,864**	**46,103,672**	**83,984,422**	**35,927,823**	**31,910,797**	**44,065,957**	**4,283,233**	**26,883**	**21,978,526**	**111,008**	**10,204,313**	**39,884,879**	**457,228,137**	**541,579,216**
Accumulated Depreciation:																
Balance at the beginning of the year	-	24,243,377	98,323,183	40,137,925	62,994,745	28,632,880	31,910,796	32,425,681	2,878,373	26,883	15,927,087	111,008	7,399,358	-	345,011,296	345,011,296
IFRS "16" implementation impact	-	-	-	-	-	-	-	(1,337,068)	-	-	-	-	-	-	(1,337,068)	(1,337,068)
Beginning of the year adjusted balance	-	24,243,377	98,323,183	40,137,925	62,994,745	28,632,880	31,910,796	31,088,613	2,878,373	26,883	15,927,087	111,008	7,399,358	-	343,674,228	343,674,228
Additions	-	3,210,958	3,521,661	-	4,258,949	2,412,087	-	4,096,926	810,447	-	1,656,832	-	1,065,363	-	21,033,223	21,033,223
Disposals	-	(42,320)	(500)	-	(22,600)	(1,726)	-	(288,398)	(61,101)	-	(22,581)	-	(64,500)	-	(503,726)	(503,726)
Balance at the end of the Year	-	27,412,015	101,844,344	40,137,925	67,231,094	31,043,241	31,910,796	34,897,141	3,627,719	26,883	17,561,338	111,008	8,400,221	-	364,203,725	364,203,725
Land valuation difference from subsidiary acquisition	**237,308**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**237,308**
Net Book Value as of December 31, 2019	**44,703,508**	**49,335,624**	**39,520**	**5,965,747**	**16,753,328**	**4,884,582**	**1**	**9,168,816**	**655,514**	-	**4,417,188**	-	**1,804,092**	**39,884,879**	**93,024,412**	**177,612,799**
Annual Depreciation Rate %	-	2 - 4	10	10	4	10	10	15	5 - 10	10	20	10	40	-	-	-

*This item includes the impact of IFRS (16) implementation on Jordan Petroleum Products Marketing Company's assets (a subsidiary company) . These assets were leased as per finance lease contracts according to IAS (17), and were transfered from property, lands and equipment to right-of-use of assets.

** The additions of projects under construction consist mainly from the studies payments related to the fourth expansion project and the payments of establishment of tanks, pipelines, and projects to modernize the gas stations of Jordan Petroleum Products Marketing Company (a subsidiary company).

- Projects under construction include assets for refining and gas activities of JD 42,184,560, of which JD 41,116,054 was for the fourth expansion project that was paid from the reserve allocated for this purpose. Moreover, It includes an amount of JD 1,357,154 as of December 31, 2019, related to the Jordan Petroleum Products Marketing Compamy for the establishment of gas stations.

- Property and equipment includes fully depreciated assets of JD 296,574,095 as of December 31, 2020 (JD 294,947,684 as of December 31, 2019).

15. Intangible Assets - Net

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Jordan Petroleum Products Marketing license *	30,000,000	30,000,000
Goodwill	9,960,314	9,960,314
Operating lease contracts	1,664,164	1,664,164
License agreement – trade name	444,009	444,009
Owned gas stations licenses	1,217,795	1,217,795
	43,286,282	43,286,282
Less: Accumulated amortization**	(23,000,000)	(20,000,000)
	20,286,282	**23,286,282**

* According to the Resolution of the Council Ministers, in their Letter No. (58/11/1/26041), dated September 30, 2012, it was agreed to grant Jordan Petroleum Products Marketing Company (a subsidiary) a license for operating and distributing oil derivatives. The value of the license was determined to be JD 30 million. Moreover, the Company shall pay the first installment, and the remaining balance shall be paid in five equal annual installments. In this regard, the Company paid the last installment during the year 2018. Moreover, the Company amortizes the license over 10 years, starting from the commencement date of its operations on May 1, 2013, based on the agreement signed with the Ministry of Energy and Mineral Resources on February 19, 2013. The agreement is renewable.

Goodwill includes an amount of JD 960,000, resulting from the acquisition by the Jordan Petroleum Products Marketing Company (a subsidiary company) of 60% of the shares of Al-Nuzha and Istiqlal Gas Station Fuel and Oil Company, and represents the valuation difference. In this regard, the recoverable amount from the Company has been determined through calculating its expected cash flows based on a 10-year budget approved by its management. Moreover, the expected cash flows for the year 2015 and following years were determined, using a growth rate of 4% for revenues and a growth rate of 2.5% for expenses. In the opinion of the Company's management, the used growth rates for revenues and expenses are reasonable in light of the Company's business nature as well as the overall growth of this sector in Jordan. A discount rate of 10% has been used to discount the expected cash flows at an internal rate of return of 15%.

- The subsidiary Company (Jordan Petroleum Products Marketing Company) wholly owned by Jordan Petroleum Refinery Company has acquired the entire share of Hydron Company on December 26, 2018. This acquisition resulted in intangible assets which were definitively calculated by management and financial advisors during the year 2019 as follows:

	December 31, 2020
	JD
Goodwill	9,000,314
Operating lease contracts	1,664,164
License agreement – trade name	444,009
Owned gas stations licenses	1,217,795
Total	**12,326,282**

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

	2020	2019
	JD	JD
Balance at the beginning of the year	20,000,000	17,000,000
License amortization for the year	3,000,000	3,000,000
Balance at the End of the Year	**23,000,000**	**20,000,000**

16. Lease contracts

This item consists of the following:

1.Right-of-use assets

The following is the movement on the right-of-use assets during the year:

	December 31,	
	2020	2019
	JD	JD
Cost:		
Balance at the beginning of the year	65,770,416	53,163,437
Transfers from property, lands and equipment – note (14)	-	12,606,979
Additions during the year	395,215	-
Disposals during the year	(829,066)	-
Balance at the end of the year	**65,336,565**	**65,770,416**
(Less): Accumulated Depreciation:		
Balance at the beginning of the year	(4,971,753)	-
Transfers from property, lands and equipment – note (14)	-	(1,337,068)
Additions during the year	(3,726,975)	(3,634,685)
Disposals during the year	109,656	-
Balance at the end of the year	(8,589,072)	(4,971,753)
Net Book Value	**56,747,493**	**60,798,663**

Amounts recorded in the consolidated statement of profit or loss:

	For the year ended December 31,	
	2020	2019
	JD	JD
Right-of-use assets depreciation	3,726,975	3,634,685
Lease obligations interest expense	2,547,910	1,031,031
	6,274,885	**4,665,716**

2.Lease contracts obligations:

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

	For the year ended December 31,	
	2020	2019
	JD	JD
Balance at the beginning of the year	55,622,317	58,375,858
Add: Interest during the year	2,547,910	1,031,031
(Less): Paid During the year	(6,384,258)	(3,784,572)
(Less): Disposal during the year	(604,823)	-
Balance at the end of the year	**51,181,146**	**55,622,317**

Lease contracts accrual obligations analysis:

	For the year ended December 31,	
	2020	2019
	JD	JD
Lease liability – current portion	4,594,836	4,537,175
Lease liability – non-current portion	46,586,310	51,085,142
	51,181,146	**55,622,317**

17. Due to Banks

This item consists of overdraft current accounts and short-term loans granted by several local banks to finance the Company's activity at an interest and murabaha rate ranging from 2.25% to 7% annually during the year 2020 against the Company as a legal personality. This item includes an amount of JD 531,047,800 for the refining and gas activities and an amount JD 48,827,298 for the Jordan Petroleum Products Marketing Company as of December 31, 2020.

18. Payables and Other Credit Balances

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Deposits of surplus differences of oil derivatives pricing (a)	4,536,221	45,420,322
Special sales tax deposits on oil derivatives (b)	38,285,733	46,602,862
Deposits for constructing alternative tanks – Ministry of Energy (c)	-	93,500,103
Suppliers and obligations from purchase orders and services and others	44,382,723	144,347,307
Gas cylinders provision (d)	5,000,000	5,000,000
Fees and allowances according to the oil derivatives price bulletin (IPP) (e)	51,514,419	48,609,966
Provision for work injuries compensation (f)	-	3,234,886
Lawsuits provision (Note 31/b)	622,350	736,192
Advance payment from customers (g)	6,751,394	6,726,490
Shareholders' deposits	13,639,658	11,486,901
Creditors and other credit balances	9,549,222	17,284,333
Retention deducted from contractors	469,402	929,471
Employees' vacations provision	1,961,271	2,211,093
Subsidiary companies import pricing differences (h)	8,863,678	9,635,394
Storage fees provision (i)	7,954,329	9,889,819
Balances retained against acquisition of subsidiary (J)	963,939	1,000,000
Alia company deposits – Royal Jordanian Airlines (k)	11,253,235	11,253,235
	205,747,574	**457,868,374**

a. This item includes an amount of JD 19,104 for the refining and gas activities, and an amount of JD 4,517,117 for the Jordanian Petroleum Products Marketing Company as of December 31, 2020.

- This item includes amounts from 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 according to (IPP) and published price in the Kingdom. These differences are considered as the Government's right according to the Ministry of Energy and Mineral Resources' Letter No. (9/4/1/719), dated February 16, 2009, and the Ministry of Finance's Letter No. (18/4/9952), dated April 29, 2009. Consequently, the Company was obliged, effective from March 2008, to record the results of the differences of prices in favor of the Ministry of Finance. Additionally, the Government has claimed the differences in the pricing of oil derivatives effective from December 14, 2008, according to the resolution of the oil derivatives pricing committee, in its meeting held on December 13, 2008, provided that the pricing surplus is recorded as deposits under payables and other credit balances within the consolidated financial statements of the Company.

- Upon the offsetting request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance, which includes a request to offset part of the Ministry of Finance's account - the relationship owed to the Company of JD 137,667,786, and the balance of the deposits for the differences in pricing of derivatives and surpluses due to the Government of JD 44,167,683, and the balance of the deposits for constructing replacement tanks due to the Government of JD 93,500,103, for the balances as of September 30, 2020, the Ministry of Finance's Letter No. (18/4/694), dated January 10, 2021, was received, and included the approval to conduct the above-mentioned offsetting based on the clearing instructions in force. The offsetting was carried out at the Ministry of Finance on January 4, 2021, provided that it is recorded in the financial statements for the year 2020, according to the balances of the financial relationship between the Company and the Government contained in the Company's Letter No. (2/25/51/1/8988), dated December 15, 2020.

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

	2020	2019
	JD	JD
Balance at the beginning of the year	45,420,322	50,167,633
Recorded during the year	3,283,582	4,468,760
Paid during the year	(44,167,683)	(9,216,071)
Balance at the end of the Year	**4,536,221**	**45,420,322**

b. This item includes an amount of JD (33,757,592) for the refining and gas activities and an amount of JD 72,043,325 due from the Jordan Petroleum Products Marketing Company as of December 31, 2020.

- Under Law No. 107 for the year 2019, the amended special tax law, the general and special taxes, fees, revenue stamps have been combined in the bulletin (IPP) under special sales tax and have been determined for each material as per the above-mentioned law.

- Upon the request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance to offset part of the debt of the Ministry of Finance (the Ministry of Finance's main account - the relationship) in favor of the Company, and the general and special taxes contained in the customs statements in favor of the Customs Department, the Customs Department approved the offsetting on March 16, 2020, while the Clearing Committee approved it on July 6, 2020, for an amount of JD 58,042,756. The offsetting procedures were completed during July 2020.

- The Income and Sales Tax Department's Letter No. (20/4/347) was received on February 16, 2021, and included the Department's approval to collect taxes on the Jordan Petroleum Refinery Company's sales to the three marketing companies through the marketing companies only. The letter also stated that the Jordan Petroleum Refinery Company is not obligated to pay taxes on its sales to the marketing companies. However, it is only obligated to pay tax on its sales to other customers.

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

- This item represents the balance of the deposits for constructing replacement tanks fully due on the refinery activities. In this respect, the Jordan Petroleum Products Marketing Company paid the due amount in full during the year 2017. Moreover, effective from December 1, 2016, this item has been discontinued according to the oil derivatives sales price bulletin (IPP).

Upon the offsetting request submitted by the Jordan Petroleum Refinery Company to the Ministry of Finance, which includes a request to offset part of the Ministry of Finance's account - the relationship owed to the Company of JD 137,667,786, and the balance of the deposits for the differences in pricing of derivatives and surpluses due to the Government of JD 44,167,683, and the balance of the deposits for constructing replacement tanks due to the Government of JD 93,500,103, for the balances as of September 30, 2020, the Ministry of Finance's Letter No. (694/4/18), dated January 10, 2021, was received, and included the approval to conduct the above-mentioned offsetting based on the clearing instructions in force. The offsetting was carried out at the Ministry of Finance on January 4, 2021, provided that it is recorded in the financial statements for the year 2020, according to the balances of the financial relationship between the Company and the Government contained in the Company's Letter No. (8988/1/51/25/2), dated December 15, 2020.

d. The movement on the gas cylinders provision is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	5,000,000	5,000,000
Add: recorded during the year *	4,186,428	4,189,831
Less: Released during the year *	(4,186,428)	(4,189,831)
Balance at end of the Year	**5,000,000**	**5,000,000**

* During the year ended December 31, 2020, a provision of JD 4,186,428 was recorded for the disposal and repair of cylinders, in accordance with IPP amounting to JD (10) for each ton of gas sold. An amount of JD 4,186,428 has been released. Moreover, the number of gas cylinders sold during the year 2020 was around 33.5 million cylinders.

- In their meeting No. 1/2016, dated February 8, 2016, the Board of Directors approved reversing 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 settle the previous financial relationship. As such, it was agreed for the Company to maintain a portion of the gas cylinders' provision for an amount not exceeding JD 10 million.

End of the Relationship with the Government

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

e. This item represents the fees and charges included in the composition of the Petroleum Derivatives Selling Prices Bulletin (IPP) for the refining and gas activities only.

The movement on this item is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	48,609,966	36,050,789
Recorded during the year	2,904,453	12,559,177
Balance at the end of the Year	**51,514,419**	**48,609,966**

f. The Company reversed the occupational accidents indemnity provision balance during the period ended September 30, 2020, according to the Social Security Corporation's Letter No. (232/1/F Centre/7316), dated December 9, 2019. The letter states that the Social Security Corporation has decided to stop the reduction in the subscription rate of (1%) granted by the Social Security Corporation to the Company on the gross salaries, as compensation for the treatment of work injuries, effective from January 1, 2020. Accordingly, employees who get injured will be treated through the Social Security Corporation instead of the Jordan Petroleum Refinery Company.

g. This item represents advance payments from fuel and gas clients against purchases of oil derivatives.

h. This item represents pricing differences from imported finished oil derivatives between the cost of finished oil derivatives imported during the years 2017, 2018, 2019, 2020, and the refinery's gate price included in the oil derivatives pricing bulletin (IPP) concerning the imports of Jordan Petroleum Products Marketing Company (a subsidiary). In this regard, the Company recorded the difference between the actual import cost and the refinery gate price of oil derivatives as per the oil derivatives prices bulletin (IPP) under the item of import pricing differences within payables and other credit balances, as the Company is uncertain as to whether the differences are its right or that of the Ministry of Finance Accordingly, if it is a right for the Company, this balance recorded as a revenue for the Company, and if it is a right for the Ministry of Finance, it is transferred from the deposits account without affecting the statement of profits or losses.

i. The Company has recorded a provision for storage fees against the claim of the Jordan Oil Terminals Company (JOTC) under its Letter No. 1/64/2018, dated April 3, 2018. In the letter, JOTC claimed storage fees on fuel oil at 3.5% and 1%, by JD 3.5 per ton stored as of May 25, 2017. However, Jordan Petroleum Refinery Company rejected this claim. Based on this rejection, Letter No. (2/20/408), dated January 3, 2019, from the Energy & Minerals Regulatory Commission (EMRC) was received. The letter specified the initial storage fees at JD 2 per month, instead of JD 3.5 per ton. However, the fees shall be studied by the Energy & Minerals Regulatory Commission (EMRC) during the first half of the year 2019. Moreover, the claim shall be re-examined for the period from May 25, 2017 until the end of the financial relationship between the Company and the Government, together with the related impact on the Government. In this respect, EMRC has not determined the final storage fees yet. Meanwhile, the Jordan Petroleum Refinery

Company still rejects the fuel storage fees calculation of fuel oil (1%), as this material was imported at the request of the National Electric Power Company and the generating companies to make up for the deficit of the National Electricity Company, in light of the interruption of the Egyptian gas supply to cover the local market need, and as the Company is committed to only paying the storage fees on fuel oil of 3.5% as of May 1, 2018, which marks the end of the financial relationship with the government.

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

The movement on this item is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	9,889,819	7,090,219
Recorded during the year	3,064,510	5,049,600
Paid during the year	(5,000,000)	(2,250,000)
Balance at the end of the Year	**7,954,329**	**9,889,819**

j. This item represents the amount retained by the Jordan Petroleum Products Marketing Company to meet any future liabilities that may arise on the Hydron Energy Company LLC in accordance with the agreement between both parties.

k. Based on the agreement between Jordan Petroleum Refinery Company and Alia Company - Royal Jordanian Airlines signed on November 26, 2019 and after all the balances between the two companies have been matched, both parties agreed to offset the accrued outstanding balance due from Alia Company - Airlines Royal Jordanian related to the refining and gas activity against the discount deposits balances and interest deposit balances of Alia Company - Royal Jordanian Airlines. Accordingly, the offsetting took place and resulted in an amount of JD 11,253,235 payable to Alia Company - Royal Jordanian Airlines and booked in the Company's records for the refining and gas activity.

19. Provision for Income Tax

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

	2020	2019
	JD	JD
Balance at the beginning of the year	7,646,805	5,231,574
Add: Income tax expense for the year	674,001	9,293,321
Less: Income tax paid	(7,645,492)	(6,878,090)
Balance at the end of the Year	**675,314**	**7,646,805**

The Income tax (surplus) expense for the year shown in the consolidated statement of profit or loss represents the following:

	2020	2019
	JD	JD
Income tax for the year	674,001	9,293,321
Deferred tax assets impact for the year – note (12)	(4,064,116)	(1,341,048)
	(3,390,115)	**7,952,273**

- The Company reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of the year 2014. Moreover, the Company's tax return for the year 2015 was assessed, and the outstanding balances were paid. In addition, the Company submitted its tax returns for the years 2016, 2017 and 2018 and paid the declared tax thereof. Meanwhile, the Income and Sales Tax Department has reviewed the Company's accounts, but has not yet issued its final decision thereon. Furthermore, the Company has calculated and paid its tax for the year 2019, and submitted its tax return for the said year. In addition, the tax expense for the year 2019 has been calculated and paid in accordance with the provisions of the Jordanian Income Tax Law. Meanwhile, the tax expense for the year 2020 has been calculated in accordance with the provisions of the Jordanian Income Tax Law. In the opinion of the Company's management and its tax advisor, the provisions stated in the consolidated financial statements are sufficient to cover its tax obligations.

- The Jordanian Petroleum Products Marketing Company (a subsidiary company) reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of the year 2018. Furthermore, the company has submitted its tax return for the year 2019, and paid the declared tax thereon. However, the Income and Sales Tax Department has not yet reviewed the Company's accounts for the year 2019. In addition, the tax expense for the year 2019 has been calculated in accordance with the provisions of the Jordanian Income Tax Law. In the opinion of the company's management and its tax advisor, the provisions stated in the consolidated financial statements are sufficient to cover its tax obligations.

- The income tax declaration have been submitted for all of the subsidiary companies of the Jordan Petroleum Products Marketing Company up to the year 2019, and the declared income tax was paid. Moreover, the tax expense of the subsidiary companies has been calculated for the year 2020 according to the Jordanian Income Tax Law. In the opinion of the Company's management and its tax advisor, the provisions stated in the consolidated financial statements are sufficient to cover its tax obligations.

- The Income and Sales Tax Department has reviewed and issued its final decision for the years 2011, 2012, and 2013. On May 10, 2015, the Department informed the Company of the review, which resulted in tax differences of JD 15,618,205. Moreover, the Company has requested the Prime Minister to exempt it from the income tax differences, legal compensations, and fines, as these amounts resulted from the Company's loans that exceeded the accepted borrowings to capital ratio under the Income and Sales Tax Law, and these borrowings were obtained to fulfill the diesel and fuel oil needs of power-generating companies, in light of the Egyptian gas interruption. Furthermore, the Council of Ministers, in its meeting held on January 3, 2016, approved exempting the Jordan Petroleum Refinery Company from the income tax differences, legal compensations, and fines for the years 2011, 2012, and 2013. Consequently, the Company recorded a provision for the income tax differences for the year 2014, as this year has not been included in the exemption decision of JD 5,422,683, provision for legal compensation for the year 2014 of JD 4,338,146, and provision for delay payments (0.004) of JD 1,897,939, against any probable future tax liabilities until the Income and Sales Tax Department reviews the year 2014. In this connection, the Income and Sales tax Department issued its final and irrevocable tax assessment for 2014, and on July 2, 2017, it informed the Company about the results of the said assessment, which resulted in additional taxes of JD 7,838,578, and a legal compensation of JD 6,270,866 on the above tax differences. Consequently, the Company increased the provision for tax differences to JD 7,838,578, and the provision for legal compensation to JD 6,270,866. Additionally, the provision for late payment of (0.004) was increased to JD 2,743,502 for the period ended September 30, 2017. Moreover, the Company submitted an objection to the Income and Sales Tax Department because these amounts resulted from its borrowings which exceeded the capital ratio under the Income and Sales Tax Law, and the borrowing was obtained to fulfill the diesel and fuel oil needs of the power-companies in light of the interruption of the Egyptian gas supply.

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

- The income tax rate is 16% for the refining and gas activity and oil factory plus a national contribution of 1%, and 20% for the Jordan Petroleum Products Marketing Company and its subsidiaries plus a national contribution of 1%.

20. Capital and Reserves

A. Capital

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

B. Statutory Reserve

In accordance with the Jordanian Companies Law, 10% of annual net income shall be allocated to the statutory reserve. The allocation shall not be stopped before the total amount allocated to this account is equivalent to one quarter of the Company's authorized capital. However, upon the approval of the Company's General Assembly, dated April 30, 2018, the statutory reserve deduction has been discontinued for the Company, while 10% of net income related to the subsidiaries companies activities shall continue to be deducted and allocated to the statutory reserve for the subsidiaries. In this regard, the said deduction for the subsidiary companies may not be discontinued before the total amounts accumulated in this account reach the amount of their authorized capital. Moreover, the deduction has been discontinued based on the resolution of the General Assembly taken in its meeting held on April 27, 2019, and its meeting held on June 15, 2020.

C. Voluntary Reserve

The amounts accumulated in this reserve represent what has been transferred from annual net income before taxes at a maximum 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. In its ordinary meeting dated April 27, 2019, the General Assembly decided to allocate JD 8,538,579 to the voluntary reserve from retained earnings, and to use the accumulated voluntary reserve balance for the Fourth Expansion Project. In its ordinary meeting held on June 15, 2020, the General Assembly decided to allocate an amount of JD 10,428,215 to the voluntary reserve account from the retained earnings account, and also decided to use the accumulated voluntary reserve balance for the purposes of the Fourth Expansion Project.

D. Fourth Expansion Reserve

This item represents what is transferred from the annual profits before taxes at a maximum rate of 20%. In its ordinary meeting held on April 30, 2018, the General Assembly decided to allocate an amount of JD 7,836,292 from retained earnings to the Fourth Expansion Project reserve. In its ordinary meeting held on April 27, 2019, the General Assembly decided to allocate an amount of JD 8,538,579 from retained earnings to the Fourth Expansion Project reserve. In its ordinary meeting held on June 15, 2020, the General Assembly decided to allocate an amount of JD 10,428,215 from the retained earnings account to the Fourth Expansion Project reserve.

During the year 2020, an amount of JD 3,724,458 was paid to prepare the designs, studies, and technical, financial and legal consultations for the Fourth Expansion Project.

21. Financial Assets at Fair Value Reserve - net

This item represents the fair value reserve for the financial assets at fair value through comprehensive income which resulted from assets revaluation at fair value as of December 31, 2020.

22. Retained Earnings

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

In its ordinary meeting held on April 27, 2019, the General Assembly approved the distribution of cash dividends at a rate of 25% from the Company's authorized and paid-up capital as dividends to shareholders, 20% from annual net profits to the voluntary reserve, and 20% to the Fourth Expansion Project reserve.

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

23. Sales - Net

This item consists of the following:

	2020	2019
	JD	JD
Refining and gas cylinders filling sales*	399,040,533	542,525,233
Lube-oil factory sales	20,835,994	26,652,097
Jordan Petroleum Products Marketing Company's sales	1,056,374,674	1,480,033,244
(Less): Fees, stamps, taxes and allowances according to selling prices of oil derivatives bulletin (IPP)	(518,963,468)	(585,854,635)
	957,287,733	**1,463,355,939**

* The finished oil derivatives sales of Jordan Petroleum Refinery Company to Jordan Petroleum Products Marketing Company (a subsidiary company) amounted to JD 396,884,459 for the year ended December 31,2020.

24. Cost of Sales

This item consists of the following:

	2020				2019
	Refinery and Gas Cylinders Filling Activity *	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Total	Total
Raw Materials:	JD	JD	JD	JD	JD
Crude oil and materials under process at the beginning of the year	41,651,775	211,858	-	41,863,633	59,043,833
Purchases of crude oil and raw materials used in production	112,497,816	9,270,863	-	121,768,679	336,023,362
Crude oil and materials under process at the end of the year	(46,957,016)	(232,778)	-	(47,189,794)	(41,863,633)
	107,192,575	9,249,943	-	116,442,518	353,203,562
Industrial Expenses:					
Employees' salaries and other benefits	22,482,496	1,075,175	2,747,876	26,305,547	28,855,909
Property and equipment depreciation	3,076,277	154,309	949,411	4,179,997	11,686,202
Amortization of right-of-use lease - Subsidiary	-	-	408,303	408,303	-
Materials, spare parts, and other supplies	4,118,482	78,593	833,288	5,030,363	8,016,600
Transportation fees and other expenses	8,573,905	634,339	6,453,281	15,661,525	24,929,271
Total Industrial Expenses	38,251,160	1,942,416	11,392,159	51,585,735	73,487,982
Total Production Cost	145,443,735	11,192,359	11,392,159	168,028,253	426,691,544
Add: Finished oil derivatives and lube oil at the beginning of the year	215,875,087	661,504	69,237,493	285,774,084	118,659,643
Purchases of finished goods during the year	181,300,027	-	493,403,915	674,703,942	1,110,886,970
Total Goods Available for Sale	542,618,849	11,853,863	574,033,567	1,128,506,279	1,656,238,157
Less: Finished oil derivatives and lube oil at the end of the year	(155,734,980)	(896,412)	(27,748,650)	(184,380,042)	(285,774,084)
	386,883,869	**10,957,451**	**546,284,917**	**944,126,237**	**1,370,464,073**
Subsidy of oil derivatives recorded on the Ministry of Finance account	(23,997,187)	-	(2,352,745)	(26,349,932)	(30,228,253)
Surplus of oil derivatives pricing difference recorded to the Ministry of Finance account	52,479	-	3,231,103	3,283,582	4,468,760
	362,939,161	**10,957,451**	**547,163,275**	**921,059,887**	**1,344,704,580**

* Notwithstanding the Prime Ministry's Decision No. 7633, taken in its meeting held on April 30, 2018, the gas activity has not been separated from the refining activity, which the decision determined the return on Investment (ROI) for the LPG filling stations for the purposes of calculating the commission amount with a percentage of 12%, also the commission amount was set for the period from May 1, 2018 till December 31, 2018 at JD 43 per ton sold.

This is as such provided that any surplus/shortage resulted from the increase/decrease in the rate of return on investment compared to the targeted value will be treated when calculating the filling stations' commission amount downward/upward in the subsequent period. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or support by the Treasury / Ministry of Finance for this activity.

Noting that the Company has provided the Energy Sector Regulatory Authority with all information and data related to the gas activity in order to determine the commission amount for the years 2019 and 2020 which reflects a return on investment rate for this activity of 12% annually. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020.

At the same time, the Company has provided the entities appointed by the said ministry with all the required data, and these entities provided the Ministry of Energy and Mineral Resources and the Energy Sector Regulatory Authority with the final report, and no resolution has been made up to date by the Government regarding the final commission value that reflects the rate of return on investment of 12% annually according to the above-mentioned Council of Ministers' Resolution No. (7633). In this regard, the Company is still negotiating with the Government to reach an agreement regarding the final commission amount.

- The average cost of buying a barrel of crude oil was USD 40/96 for the year ended December 31, 2020 (compared to USD 66/51 for year 2019).

25.Operating Income and Other

This item consists of the following:

	2020	2019 (Adjusted)
	JD	JD
Income from Ports Corporation *	1,440,000	1,440,000
Dividends shares income	99,005	131,770
Tanks rent, evaporation, and marketing companies uploading and down-loading fees **	2,152,322	3,298,875
Delay interest	553,626	827,724
Foreign currency gains	1,213,834	2,011,288
Various other income	6,319,315	4,384,749
	11,778,102	**12,094,406**

* This item represents revenue due to Jordan Petroleum Refinery Company from using the services of the Company's employees by the Ports Corporation during the years 2020 and 2019, to assist in the work of Aqaba ports.

** This item represents tanks rent, evaporation, loading and downloading fees on the quantities imported by the marketing companies, as well as the storage of operating stock fees related to the marketing companies, as per the instructions of the Ministry of Energy and Mineral Resources to these companies to make available the required operating stock for their activities.

26. Selling and Distribution Expenses

This item consists of the following:

	2020	2019 (Adjusted)
	JD	JD
Salaries and other employees' benefits	22,604,905	25,137,813
Company's contribution to the Death, compensation and end of service indemnity Disability Fund	1,793,880	2,689,732
Property and equipment depreciation	7,515,041	8,544,444
Right of use assets depreciation (a subsidiary company)	3,310,351	3,634,685
Raw materials, spare parts, water, electricity and other supplies	3,210,388	3,140,130
Insurance fees	666,063	1,028,495
Fees, taxes, and stamps	1,226,952	1,530,335
Security and safety expenses	2,248,467	1,989,291
Rents	2,803,430	2,638,882
Gas stations management service fees	2,374,170	2,735,639
Various selling and distributing expenses	3,075,877	620,332
	50,829,524	**53,689,778**

27. General and Administrative Expenses

This item consists of the following:

	2020	2019
	JD	JD
Salaries and other employees' benefits	7,110,717	7,311,274
Company's contribution to the Death, compensation and end of service indemnity Disability Fund	417,697	589,687
Cash donations and contributions	2,326,673	542,823
Postage and telephone	64,872	82,784
Stationery and printing	79,341	81,356
Property and equipment depreciation	625,688	815,732
Right of use assets depreciation (a subsidiary company)	8,321	-
Technical and legal consultations	328,089	360,104
Advertisements	130,653	227,785
Maintenance and repairs	130,438	231,636
Rents	168,830	182,413
Subscriptions	221,313	280,808
Insurance fees	196,857	64,544
Water and electricity	98,786	149,479
Professional fees	112,267	148,672
Fees, taxes, and stamps	169,671	534,551
Various general and administrative expenses	875,751	952,859
	13,065,964	12,556,507

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

The calculated difference for reaching the targeted income was recorded on a commercial basis in the Ministry of Finance's account. In this regard, the calculated loss difference for the period ended April 30, 2018 was recorded under the income settlement with the Government which affected the amounts due from the Ministry of Finance as stated in receivables and other debit balances. Moreover, no income settlement with the Government has been reached after April 30, 2018, the end of the relationship with the Government as of May 1, 2018. Meanwhile, the gas activity was not excluded from the refinery activity, even though, pursuant to the Prime Minister's Resolution No. (7633), taken in the Prime Ministry's meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the resolutions reached and prepare a report thereon to the Council of Ministers regarding the setting of the investment return rate on LPG filling stations for the purpose of calculating the commission amount at 12%. The commission amount is also set for the period from May 1, 2018 to December 31, 2018 at JD 43 per ton to resolve any surpluses or shortages that arise from the increase or decrease in the investment return rate compared to the targeted value in calculating the commission amount of LPG filling stations for the following year, whether upward/downward. This is as such, provided that the above mechanism does not result in any increase in the cylinder's cost to citizens or a subsidy by the Treasury / Ministry of Finance for this activity. Moreover, the Company has already provided the Energy Sector Regulatory Authority with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020 which reflect the investment return rate to this activity at 12% annum. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020. Accordingly, the Company provided the entities that were appointed by the Ministry of Energy and Mineral Resources with all the required data, and these authorities provided the Ministry of Energy and Mineral Resources and the Energy Sector Regulatory Authority with the final report. No decision has yet been made by the Government on the final commission amount, which reflects the rate of return on investment at a rate of 12% annually, in accordance with the above- mentioned Council of Ministers' Resolution No. (7633). In the meantime, the Company is still negotiating with the Government to reach an agreement on the final commission amount.

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

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

- Moreover, the change in the composition of the selling prices of oil derivatives for the years 2018 , 2019 and 2020, representing a decrease in the refinery gate price in the oil derivatives selling price bulletin (IPP) and an increase in the amount of Governmental fees and taxes has had a financial impact on the net sales of the refining activity for the above-mentioned years and the settlement of the financial relationship with the Government as of April 30, 2018, compared to the previous years.

* In accordance with the Prime Ministry's Letter No. (31/17/5/21025), related to the opinion of the Legislation and Opinion Bureau, Jordan Petroleum Refinery Company is responsible of the costs of the Indian cylinders rejected by the Jordan Institution for Standards and Metrology. Accordingly, Jordan Petroleum Refinery Company sent Letter No. (2/25/25/7/1741), dated February 14, 2017, to His Excellency the Minister of Finance. The letter stated that the cost of the Indian cylinders incurred by the Company up to December 31, 2016 amounted to JD 7,665,784, and that the net selling price of these cylinders amounted to JD 1,331,250, and therefore, the net losses amounted to JD 6,334,534. If the Company were to bear all these costs at the same time, the targeted (guaranteed) income would decrease by JD 5,067,628 for the year ended December 31, 2016. This would affect the Company negatively in the financial market. Consequently, the Council of Ministers approved, in its Letter No. (31/17/5/14/14153), dated March 28, 2017, that the Company would bear the net cost of the provision for the Indian cylinders of JD 6,334,534 over five years starting from the year 2016 for JD 1,266,907. This amount has been deducted from the targeted income for the Company of JD (15) million. Accordingly, the net targeted income for the years 2016 and 2017 became JD 13,733,093 for each year. An amount of JD 2,533,814 was amortized in the Statement of Profit or Loss for the refining and gas filling activity during the years 2016 and 2017, and the amortization of the remaining amount, which represents JD 3,800,720 has been deferred to be amortized over the upcoming three years.

The Company amortized an amount of JD 1,829,004 during the year 2018, and the remaining amount of JD 3,658,008 during the years 2019 and 2020. During the year 2019, the Company amortized the entire remaining amount of JD 3,658,008.

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

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

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

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

29. Earnings per Share from (Loss) profit for the year attributed to the Company's Shareholders

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

	2020	2019
	JD	JD
(Loss) Profit for the year-shareholders	(14,326,451)	43,866,972
Weighted-average number of shares	100,000,000	100,000,000
Earnings per share from (loss) profit for the year – Basic and Diluted	(-/143)	-/439

- The weighted-average number of shares for (loss) profit 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, 2020 and 2019.

30. Non-Controlling Interests

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

Company	December 31, 2020		
	Non-controlling Percentage	Non - controlling Share from Net Profit (Loss)	Non-controlling Share from Net Assets
	%	JD	JD
Al-Nuzhah and Istiklal station for Fuel and Oil Company	40	112,172	1,081,301
Al-Karak Central Gas station for Fuel Company	40	67,009	605,384
Rawaby Al-Qwirah Gas Station for Fuel and Oil Company	40	73,001	783,628
Al-A'on for Marketing and Distributing Fuel and Oil Company	40	(388,373)	179,490
Jordanian German for Fuel Company	40	4,813	615,337
Al-Tariq Al-Da'ari Gas Station for Fuel Company	40	(7,323)	425,972
Al Kamel Gas Station for Fuel and Oil Company	40	248,151	1,177,123
Al-Wadi Al-abiad Gas Station for Fuel Company	40	20,424	608,283
Al-Tanmwieh Al-A'ola for Fuel Company Gas Stations	40	(26,917)	1,152,454
Al Qastal Gas Station for Fuel and Oil Company	40	(6,841)	437,823
Taj Amoun Gas Station for Fuel Company	20	24,619	1,547,669
Al Shira' Gas Station for Fuel and Oil Company	5	(102)	88,892
Al-Failaq Gas Station for Fuel and Oil Company	40	(72,521)	434,240
		48,112	9,137,59

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,	
	2020	2019
	JD	JD
Letters of credit and bills of collections*	493,380,505	744,150,626
Letters of guarantee	9,158,340	10,960,616
Contracts for projects under construction	15,067,269	39,459,228

* This item consists of Standby L/Cs amounting to JD 99 million, equivalent to USD 140 million in favor of Saudi Aramco as of December 31, 2020 (JD 170 million, equivalent to USD 240 million as of December 31, 2019).

b. There are lawsuits in courts raised against the Company for financial claims estimated at JD 622 thousand as of December 31, 2020 (JD 736 thousand as of December 31, 2019). 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.U) Limited, the executer 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 resolution 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 during 2015. Execution Notice No. (21943/2017/B) was issued by the Amman 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 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, and the balance of the general sales tax deposits of JD 97,388,860, and the balance of special sales tax deposits of JD 937,034 as of September 30, 2017 as a right for Jordan Petroleum Refinery Company for the refining and gas activity. Moreover, the Ministry of Finance has also taken a pledge for all of the debt balances of the Armed Forces, Royal Air Force, Public Security Directorate, the General Directorate of the Gendarmerie, other security forces, and governmental departments, within its budget as well as the debts of the National Electric Power Company for refining and gas activities of JD 319,468,856 as of September 30, 2017. In the meantime, the two parties have agreed that no provision would be recorded for the debts of Royal Jordanian Company, municipalities, governmental universities, and administratively and financially independent governmental institutions during the relationship period, provided that if those amounts are not collected through the judiciary, and the Company is required to write them off, the Ministry of Finance pledges to pay those debts and any related costs.

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

3. The two parties have not reached an agreement on the value of the strategic inventory deposits, as the Government is claiming the amount of valuation in 2008 of JD 156,787,303. Meanwhile, Jordan Petroleum Refinery Company is objecting to this amount since these quantities are deposits booked by the Company and will be refunded as quantities in case the relationship with the Government is terminated.

4. The two parties have not reached an agreement as to which party will maintain the gas cylinders provision balance of JD 10 million.

5. The two parties have agreed that the provision for lawsuits and other liabilities balance of JD 6.3 million as of September 30, 2017 is a right to Jordan Petroleum Refinery Company. In this regard, any amount for a lawsuit won by the Company will be transferred to the Government. On the other hand, any judicial expense incurred by the Company during the period of its relationship with the Government will be borne by the Ministry of Finance except for the booked provision.

6. The two parties have agreed that the other provisions balance of JD 234 thousand as of September 30, 2017 is the right of Jordan Petroleum Refinery Company.

7. The two parties have agreed that the income tax provision as of September 30, 2017 is the right of the Government and 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 (Provision for work injuries compensation; provision for employees' vacation; provision for end-of-service indemnity; and provision for death, compensation, and end-of-service indemnity) as of September 30, 2017 is the right of Jordan Petroleum Refinery Company.

9. The two parties have not reached an agreement as to which party will maintain the provision for doubtful debts balance (expected credit losses) 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 is a right to the Jordanian Government. Meanwhile, the full amount has been paid before the end of 2017.

11. The two parties have agreed that the penalty and delay in payments provision balance of JD 2.74 million as of September 30, 2017 is a right to the Jordanian Government. Meanwhile, the full amount has been paid before the end of 2017.

12. The two parties have not reached an agreement as to who will maintain the provision for slow-moving and obsolete and sediments inventory balance of JD 19.9 million as of September 30, 2017.

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

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

According to the Board of Directors' Resolution to merge the death, compensation, and indemnity fund with the staff end-of-service indemnity into one fund, namely the (death, compensation and end-of-service indemnity fund), and according to the General Announcement No. 11/2012, issued by the management of 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 shall not exceed JD 2,000 for every year of work for those whose gross monthly salaries do not exceed JD 2,000. If the monthly gross salary exceeds JD 2,000, the employee will receive one monthly gross salary for every year of work 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 contingent liability, to enable the Company to set up the full provision within five years according to Appendix No. (5) of the above-mentioned new fund regulations. Moreover, there is a no shortage in the required provision balance as of December 31, 2020.

33. Related Parties Transactions and Balances

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

Balances	December 31,	
	2020	2019
	JD	JD
Ministry of Finance primary account (the relationship) (Note 9/e)	72,712,083	211,270,511
Ministry of Finance – price differences deposits for oil derivatives pricing surplus (Note 18/a)	(4,536,221)	(45,420,322)
Ministry of Energy and Mineral Resources – deposits for setting up alternative tanks (Note 18/c)	-	(93,500,103)

Transactions	2020	2019
	JD	JD
Subsidy for oil derivatives recorded on the Ministry of Finance account (Note 24)	26,349,932	30,228,253
Ministry of Finance – surplus of oil derivatives pricing differences (Note 24)	(3,283,582)	(4,468,760)

- Executive management and members of the Board of Directors' salaries and remunerations amounted to JD1,343,395 for the year 2020 (JD 1,457,469 for the year 2019).

34. Ministry of Finance - Deposits for Strategic Inventory

End of Relationship with the Government

Pursuant to the Prime Ministry's Resolution No. (7633), taken in its meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the procedures and submit any related conclusions to the Council of Ministers regarding the transfer of the Government's strategic inventory, whose quantity and value have been determined, to the Jordan Oil Terminals Company (JOTC), provided that the value of this inventory is settled later. Additionally, Jordan Petroleum Refinery Company started transferring the strategic inventory to JOTC during April 2018 and is still transferring the quantities to JOTC according to the quantities requested by JOTC and the Ministry of Energy and Mineral Resources and depending on JOTC's storage capacity. Moreover, the Company transferred the special aftur related to the government for Jordan Air Force during July 2020, beside to transferring the special asphalt related to the government for the Ministry of Public works & Housing during year 2020 upon the Ministry of Energy and Mineral resources request, the company exported during February 2021 the fuel oil related to the government upon the request of the Ministry of Energy and Mineral resources, also a letter was sent to the Company from the Ministry of Finance and Ministry of Energy and Mineral Resources which includes that the crude oil related to the government to be sold to the Company from the beginning of March 2021 depending on the crude oil prices exported by Aramco company for March 2021. This action was approved by the Ministry of Finance, and the inventory amount was settled according to the Ministry of Finance's Letter No. 4/18/28669, dated August 29, 2019.

The table below illustrates the strategic inventory quantity as of December 31, 2020 and 2019:

	December 31,	
	2020	2019
	Quantity/ Tons	Quantity/ Tons
Crude Oil	42,926	42,926
Liquefied Petroleum Gas	-	15
Gasoline 90	-	232
Gasoline 95	-	17
Jet-Fuel	2	5,399
Kerosene	30,977	30,977
Diesel	-	7
Fuel Oil 3.5%	3,950	80,168
Asphalt	-	4,207
	77,855	**163,948**

35. 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 shareholders 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 incurrence 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 comprehensive income, and cash and cash equivalents do not represent important concentrations of credit risk. Furthermore, the debtors are widely 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 a provision is taken for the expected credit losses.

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' equit:

	2020	2019
	JD	JD
5% Increase	112,863	114,732
5% (Decrease)	(112,863)	(114,732)

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:

	2020	2019
	JD	JD
Assets - US Dollar	648,253	666,140
Liabilities - US Dollar	466,099,132	434,330,947

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:

	2020	2019
	JD	JD
0.5% Increase	2,899,375	2,360,210
0.5% (Decrease)	(2,899,375)	(2,360,210)

36. Sectorial and Geographical Distribution

Information on geographical and sectorial distribution:

-The Company is organized, for management purposes, into four major business sectors.

a) **Refining:** This sector separates the components of imported crude oil into a set of various oil derivatives. This depends on licensing from the American UOP Company.

b) **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 for the Company's oil derivatives and gas.

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

d) **Manufacturing and filling of Liquefied Gas:** This sector includes manufacturing, filling, repairing, and maintaining gas cylinders, and filling it in three of the Company's Gas Stations.

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

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

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

	December 31, 2019				
	Refinery and gas cylinders filling activity	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Others	Total
	JD	JD	JD	JD	JD
Profit before tax for the year	15,958,731	9,000,707	27,096,969	84,668	52,141,075
Total sector's assets	882,145,381	28,400,505	375,980,518	4,667,345	1,291,193,749
Total sector's liabilities	750,266,018	19,298,194	274,479,410	251,013	1,044,294,635

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

	Note	For the year Ended December 31, 2020				
		Refining activity & and gas cylinders filling	Oil factory	Jordan Petroleum Products Marketing Company	Other	Total
		JD	JD	JD	JD	JD
Net Sales		751,875,074	20,835,994	581,461,124	-	1,354,172,192
Less: Cost of sales		(759,823,620)	(10,957,451)	(547,163,275)	-	(1,317,944,346)
(Losses) Gross profit from sales		(7,948,546)	9,878,543	34,297,849	-	36,227,846
Add: Operating income and other		15,100,147	32,461	2,303,476	-	17,436,084
Gross profit		7,151,601	9,911,004	36,601,325	-	53,663,930
Less: Selling and distribution expenses		(30,594,123)	(1,479,242)	(23,992,980)	-	(56,066,345)
General and administrative expenses	27	(8,824,666)	(253,648)	(3,987,650)	-	(13,065,964)
Bank interest and commissions		(20,544,898)	(4,741)	(2,429,978)	100,729	(22,878,888)
Indian cylinders losses	28	-	-	-	-	-
Released from lawsuits provision	18	113,842	-	-	-	113,842
Released from (Provision) expected credit losses	9/J	160,175	(341,696)	(4,648,474)	-	(4,829,995)
Released from slow-moving and obsolete inventory and sediments	10	9,553,951	-	-		9,553,951
(Provision) for storage fees	18/I	(3,064,510)	-	-	-	(3,064,510)
Released from employees' vacations	18	249,822	-	-	-	249,822
Released from work injuries compensation	18/F	3,234,886	-	-	-	3,234,886
Income from storage of strategic inventory		7,842,786	-	-	-	7,842,786
Interest income resulting from government's delay		13,214,896	-	-	-	13,214,896
Lease liabilities interest	16	-	-	(2,547,910)	-	(2,547,910)
Interest resulting from the acquisition of a subsidiary		-	-	(88,955)	-	(88,955)
Amortization of intangible assets	15	-	-	(3,000,000)	-	(3,000,000)
(Loss) Profit for the Year before Income Tax		(21,506,238)	7,831,677	(4,094,622)	100,729	(17,668,454)
Income tax for the year	19	3,943,433	(1,331,384)	778,066	-	3,390,115
(Loss) Profit for the Year		(17,562,805)	6,500,293	(3,316,556)	100,729	(14,279,339)

	Note	For the year Ended December 31, 2019				
		Refining activity & and gas cylinders filling	Oil factory	Jordan Petroleum Products Marketing Company	Other	Total
		JD	JD	JD	JD	JD
Net Sales		1,047,896,712	26,652,097	939,595,338	-	2,014,144,147
Less: Cost of sales		(1,003,459,391)	(15,285,479)	(876,747,918)	-	(1,895,492,788)
Gross profit from sales		44,437,321	11,366,618	62,847,420	-	118,651,359
Add: Operating income and other		18,193,334	15,517	2,695,508	-	20,904,359
Gross profit		62,630,655	11,382,135	65,542,928	-	139,555,718
Less: Selling and distribution expenses		(35,472,799)	(1,860,789)	(24,334,609)	-	(61,668,197)
General and administrative expenses	27	(9,003,556)	(308,319)	(3,244,632)	-	(12,556,507)
Bank interest and commissions		(39,310,278)	(4,540)	(3,344,862)	84,668	(42,575,012)
Indian cylinders losses	28	(3,658,008)	-	-	-	(3,658,008)
(Provision) for lawsuits	18	-	-	-	-	-
(Provision) expected credit losses	9/J	-	(207,780)	(2,423,368)	-	(2,631,148)
(Provision) for slow-moving and obsolete inventory and sediments	10	(1,100,414)	-	-	-	(1,100,414)
(Provision) for storage fees	18/I	(5,049,600)	-	-	-	(5,049,600)
(Provision) employees' vacations	18	(176,922)	-	-	-	(176,922)
Released from work injuries compensation	18/F	491,708	-	-	-	491,708
Income from storage of strategic inventory		13,296,917	-	-	-	13,296,917
Interest income resulting from government's delay		33,311,028	-	-	-	33,311,028
Lease liabilities interest	16	-	-	(1,031,031)	-	(1,031,031)
Interest resulting from the acquisition of a subsidiary		-	-	(1,067,457)	-	(1,067,457)
Amortization of intangible assets	15	-	-	(3,000,000)	-	(3,000,000)
Profit for the Year before Income Tax		15,958,731	9,000,707	27,096,969	84,668	52,141,075
Income tax for the year	19	(1,287,830)	(1,438,997)	(5,225,446)	-	(7,952,273)
Profit for the Year		14,670,901	7,561,710	21,871,523	84,668	44,188,802

37. The Future Plan

After the Spanish contractor Tecnicas Reunidas finished preparing the FEED documents based on the documents of the owners of refining technology companies KBR and UOP of the United States, as well as after contracting with SCB to work as a financial advisor with the intention of attracting investors and financiers for the project and contracting with Freshfields to work as an international legal advisor, Technip Company (British Branch) was contracted, during June 2020, to manage the refinery expansion project, prepare the qualifying conditions for the execution contractors, evaluate contractors' offers, choose the most appropriate candidates, as well as supervising the project's implementation. Meanwhile, Technip Company has completed the pre-qualification stages for the implementation and financing contractors and the selection of the qualified ones in coordination with all the consultants. Moreover, the bidding documents for the establishment of the project have been sent to these contractors, and their proposals will be received by mid-July 2021.

In addition, JPRC is currently appointing Ernst & Young and Wood Mackenzie to prepare reports on which investors and financiers can rely as regards the accounting and commercial aspects, in order for them to assess their participation in the project and take the appropriate decision regarding their participation in financing.

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

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

Given that the crude-oil-producing countries, also known as OPEC+, did not reach an agreement on reducing production during March 2020, which was also accompanied by the Corona virus pandemic, the crude oil and finished oil derivatives' prices were negatively affected due to the increase in supply and decrease in demand and the finished oil derivatives' prices were negatively also affected globally and locally due to the lack of demand, as well as the decrease in demand caused by the change in social behavior resulting from the curfew applied in the Kingdom and different countries around the world. The demand for finished oil derivatives in the Kingdom was also affected, specifically, during the period from March 18, 2020 until the end of May 2020, as a result of the Kingdom-wide curfew. Moreover, the Jet-fuel sales are still being affected due to the precautionary measures to prevent the spread of the Corona Virus implemented by countries on the movement of aircraft and transportation between countries.

The decline in the international prices of crude oil and finished oil derivatives during the year 2020 led to a decrease in the value of the Company's inventory, as the Company evaluates its inventory at cost or realizable value, whichever is lower, in accordance with the International Financial Reporting Standards. This matter caused the Company to incur losses resulting from the decrease in the value of its inventory at the end of the year compared to the value of its inventory at the beginning of the year, despite the fact that the Company maintained its inventory quantities in a manner that would make up for the future losses arising from its inventory devaluation. Accordingly, the Company reduced all its costs to the minimum possible during the year 2020 and its will continue applied the same policy for the year 2021 and after that date, and during the year 2020, it imported the equivalent of four million barrels of crude oil at very low prices. This greatly alleviated the impact of the decline in the value of its inventory resulting from the decline in international prices of crude oil and oil derivatives. The company also imports shipments of Saudi crude oil with a high content of gasoline, kerosene and diesel and a low content of heavy fuel oil to maximize the refining activity revenues.

In light of the recovery of crude oil prices and oil derivatives as a result of the crude oil producing countries reaching an agreement to reduce their production, and as a consequence of the return to normal life in light of the world adaptation to coexist with the Corona virus pandemic, the Company hopes to recover the losses it incurred in the year 2020 during the subsequent financial periods.

Jordan Petroleum Products Marketing Company continues its activities of establishing new gas stations in various regions of the Kingdom. The following gas stations have been established since the beginning of the current year 2020 under the management of JoPetrol: Taj Ammon Gas Station/Istiklal Street; Al-Etan Gas Station/Al-Mafraq; and Al-tanmaweyeh Al-thania Gas Station/opposite the Ministry of Foreign Affairs and Expatriates. Moreover, the following gas stations have been established since the beginning of the current year under Hydron Energy Company management: Al-Kharabsheh Al-Harameen Gas Station/Sports City; Abu Aqoula Gas Station/Al-Ruwaished; Al-Zoubi Gas Station/Al-Baqa'a; Al-Dibs Gas Station/Sahab; Hararah Gas Station/Maan; Al Awadi Gas Station/ Al Mafraq; Al Awadi Gas Station/Al Aghwar; and Al Suroor Gas Station/ Al Mafraq.

Despite the exceptional circumstances witnessed by the global economy and the Hashemite Kingdom of Jordan stemming from the Corona virus pandemic since the beginning of the year 2020, in general, and the pandemic's impact on the Jordan Petroleum Products Marketing Company's activities, particularly, the sharp decrease in sales during the complete lockdown period, decreased consumption of finished oil derivatives from sectors affected by the pandemic such as airports, the repeated decline in world prices of oil derivatives for consecutive months, and the failure of the prices to return to their previous position, JoPetrol continues along the path of development and expansion and will open and manage the following gas stations by the end of the year 2021: Al-Hayat Tower Gas Station/Al-Qwaira; Al-Luzi Gas Station/Jubeiha; Al-Tareeq Al-Khalfi Gas Station/Aqaba; Al-Sakka Gas Station/100th Street; Al-al bayt University Station; Al Jaloudi Gas Station / Radio Area Khrais Gas Station/Irbid; Sakhr Al-Sukhour Gas Station / Giza; Al-Jundi Station / Zarqa; Sokhna Station; Al-Hourani Station / Radio Area; Al-Enaizat Station / Abu Nseir; and Al-Halles Station/ Al-Quwirah. Moreover, the Company will renovate older gas stations.

The Jordan Petroleum Products Marketing Company is also attracting solutions for digital transformation in the field of information systems through the implementation of the infrastructure development project for the company's main data center from servers and main and backup data processing units with the latest international technology.

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

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

Moreover, the human resources self-service system has been activated. As such, all employees' inquiries and requests are conducted electronically through smart applications. In addition, the technical support system has been activated for the Company's internal departments.

During the year 2021, it is planned that the Company will obtain international quality certificates in managing the quality of services and products, occupational health and safety systems, and environmental management systems with the highest internationally approved standards and intensify training for all employees on the latest occupational health and safety management systems, provide them with all necessary equipment, and apply the latest systems in the protection of facilities against theft and risks.

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

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

The Company will continue to attract aviation clients to supply them with Jet-fuel through the Queen Alia Airport, King Hussein Airport, and Marka Airport. Moreover, the Company will continue to expand new gas stations established by their owners and to sign supply contracts with them. The Company will also continue the strategy of increasing the number of gas stations owned by others to be either managed by JoPetrol or by Hydron Energy Company.

With regard to the lube oil activity, the Company completed the project of amending the packaging designs used to package its products, as the packaging designs of size (20) liters and (25) liters are being amended in order to reduce imitation of

JoPetrol oils products and come up with more attractive designs. Moreover, experimental packages have been produced, and the new designs are being registered at the Chamber of Commerce and Industry to maintain their ownership and begin producing them.

As part of the factory's renovation plan, work is under way to purchase and install a new production line to fill (1) liter packages and the tender is offering, and it is still under evaluation.

Under the cost reduction plan, work is under way to purchase and install a mixing system for some of the additives as the tender is offering, in addition to expansion in importing of bulk additives in flexible tanks with a size of (20) cubic meters.

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

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

38. Fair Value Hierarchy

A. Fair value of financial assets and financial liabilities measured at fair value on a continuous basis:
Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting year. The following table illustrates information on how the fair value of these financial assets and financial liabilities is determined (valuation techniques and key inputs):

Financial Assets	Fair Value as at December 31,					
	2020	2019	Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Financial assets at fair value:	**JD**	**JD**				
Financial assets at fair value through comprehensive income						
Companies' shares	2,257,261	2,294,639				
Total financial assets at fair value	2,257,261	2,294,639	Level 1	Stated prices in financial markets	Not applicable	Not applicable

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

B. The fair value of financial assets and financial liabilities of the Company not specified at fair value on an ongoing basis:
We believe that the book value amounts of the financial assets and financial liabilities reflected in the Company's consolidated financial statements approximate their fair values.
Investment property were evaluated for the subsidiaries and gas stations upon acquiring.

39 .Comparative Figures

During the year ended December 31, 2020, the Group adjusted the comparative figures for the year 2019 according to International Accounting Standard No. (8), with retrospective effect, to comply with the requirements of IFRS No. 10 "Consolidated Financial Statements". This treatment affected the items of the consolidated profit or loss statement. Moreover, the Group's results of operations and equity and cash flows were not affected, as they resulted from adjustments related to offsetting some transactions between the Company and its subsidiary companies.

-The effect of the adjustments on the items related to the year 2019 is as follows:

	December 31, 2019		
	Balance before the Adjustments	Effect of the Adjustments	Adjusted Balance
Consolidated Profit or loss Statement	**JD**	**JD**	**JD**
Operating revenues and other (Note 25)	20,904,359	(8,809,953)	12,094,406
Selling and distribution expenses (Note 26)	(61,668,197)	7,978,419	(53,689,778)
Bank interest and charges	(42,575,012)	831,534	(41,743,478)
		-	

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