Jordan Petroleum Refinery Co.Ltd.
Amman
Hashemite Kingdom of Jordan

شركة مصفاة البترول الأردنية المساهمة المحدودة
عمــــان
المملكة الأردنية الهاشمية

Ref :
Date:

الرقــم: ٢/٢٥/٥١/١/١/ ٥٥٠٤
التاريخ: ٢٠١٧/٠٥/١٦

عطوفة المدير التنفيذي لبورصة عمان المحترم

الموضوع : البيانات المالية الموحدة المرحلية الموجزة باللغة الانجليزية للثلاثة أشهر الأولى من عام ٢٠١٧.

تحية طيبة وبعد ،،،

بالإشارة إلى تعليمات إفصاح الشركات والمعايير المحاسبية ومعايير التدقيق لسنة ٢٠٠٤ يسرنا أن نرفق لعطوفتكم البيانات المالية الموحدة المرحلية الموجزة النهائية باللغة الانجليزية للثلاثة أشهر الأولى من عام ٢٠١٧ المنتهية بتاريخ ٣١ آذار ٢٠١٧.

وتفضلوا بقبول فائق الإحترام ،،،

بورصة عمان
الدائـــرة الإدارية والمالية
الديـــوان
١٦ أيار ٢٠١٧
الرقم المتسلسل: 3174
رقم الملـــف: 47641
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تلفون: ٤٦٠٠٨٧٠ ، ٤٦٣٠١٥١ ، ٤٦٥٧٦٠٠ (٦) (٩٦٢)
فاكس: ٤٦٥٧٩٣٤ ، ٤٦٥٧٩٣٩ (٦) (٩٦٢)
ص.ب : ٣٣٩٦ عمان ١١١٨١ - الأردن
ص.ب : ١٠٧٩ عمان ١١١١٨ - الأردن

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2017
TOGETHER WITH REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
March 31, 2017

TABLE OF CONTENTS

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Review Report

AM/ 7609

To the chairman and members of the Board of Directors
Jordan Petroleum Refinery Company
(A Public Shareholding Company)
Amman - Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim financial position of Jordan Petroleum Refinery Company (A Public Shareholding Company) as of March 31, 2017 and the related condensed consolidated interim statements of income and comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Basis for Qualified Conclusion

1. As stated in the condensed consolidated interim financial statements Notes (2), and (16), the Company's concession period ended 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 General Assembly in their extraordinary meeting dated March 22, 2008. However, until this date, no final settlement has been reached regarding the provision for doubtful debts and the provision for slow-moving and obsolete inventories as of March 31, 2017 and December 31, 2016. Furthermore, the recoveries from these two provisions balances outstanding as of the concession expiry date should be credited to the Government account. According to the Ministry of Finance letter dated November 15, 2009, concerning the settlement of outstanding financial issues between the Government and the Company, Government requires that any new or additional provisions be agreed upon, provided that these provisions are reviewed quarterly. As per the Council of Ministers' Letter No. 31/17/5/24694 dated September 17, 2012, the Council of Ministers decided, in their meeting held on September 13, 2012, to approve the minutes of meetings of the Jordan Petroleum Refinery Company's future operations as mentioned in Note (2/B), which states that the Company's net income after tax will be set at JD 15 million from refining activity. The ministry of Finance sent several payment requests to the Company, the last was on July 19, 2016 the impact of these claims on the consolidated financial statements of the Company and / or any settlement reached between the Company and the Government in the future will affect the results of the condensed consolidated interim financial statements and any future claims. Consequently, we are unable to verify the Government's approval of the recorded provisions and the effect of not reaching a related final settlement as of the concession expiry date. Moreover, we could not verify this through performing alternative review procedures.

2. The Company has sent a letter to the Ministry of Finance dated April 25, 2017 requesting a confirmation and approval of the balances and accounts with the Company as of March 31, 2017. However, no reply has been received to confirm the following balances as of that date.

   Moreover, we could not verify these balances by performing alternative review procedures:

	March 31, 2017	December 31,2016
	JD	JD
- Ministry of Finance receivable (Note 4)	165,738,708	187,865,728
- Ministry of Energy and Mineral Resources – Withholdings for constructing alternative fuel tanks - credit (Note 9)	93,505,448	94,457,951
- Ministry of Finance – Refundable deposits on differences of pricing oil derivatives and surpluses - credit (Note 9)	49,917,996	79,278,291
- Subsidy for crude oil derivatives charged to the Ministry of Finance account (Note 13)	12,854,288	2,522,136
- Ministry of Finance – Surplus from differences of pricing oil derivatives (Note 13)	639,705	9,505,112
- Settlement of targeted income with the Government – Surplus (Note 15)	33,061,143	155,039,632

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3- As stated in Note (9-D) to the condensed consolidated interim financial statements, during the year 2016, the Company deferred the recognition of losses related to the cost of the Indian cylinders rejected by the Jordan Institution for Standards and Metrology Organization plus storage fees, based on the targeted profit equation. The International Financial Reporting Standards requires that the whole amount to be deducted when incurred without deferral. The Company requested the Ministry of Finance to allow the Company to allocate and amortize the loss over five years starting from the year 2016 and got the related approval form Ministry of Finance. The company books and information provided to us by the management indicates that, if the management recognized this losses when incurred without deferral during 2016 the net income and retained earnings would have been reduced by an amount of JD 5,067,628 instead of JD 1,266,907 as of December 31, 2016 and income for the period ended March 31, 2017 would have been increased by JD 316,727.

4- The Company did not offset a certain intercompany transaction and present it is required by the International Financial Reporting Standards, mainly with its wholly owned subsidiary Jordan Petroleum Products Marketing Company without any impact on the net consolidated profit in order to present the Refinery and Gas Cylinders Filling activity in line with the agreement with the Government of Jordan. According to the agreement, this activity has a targeted annual income of JD 15 million after tax.

Qualified Conclusion

Based on our review above, except for the possible effect of the matters stated in paragraphs (1 and 2) within the Basis of Qualified Conclusion, and the effect of what is mentioned in paragraphs (3) and (4) above, nothing has come to our attention that the accompanying condensed consolidated interim financial information are not prepared in all material respect, the condensed consolidated interim financial position of Jordan Petroleum Refinery Company as of March 31, 2017, its condensed consolidated interim financial performance, and its condensed consolidated interim cash flows for the period then ended in accordance with International Accounting Standard No. (34) Which Related to Interim Financial Reporting.

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Emphasis of a Matter Paragraphs

Without further qualifying our Conclusion mentioned above, we draw attention to the following:

1- As stated in Note (16) to the condensed consolidated interim financial statements, the Company established the Jordan Petroleum Products Marketing Company (a limited liability company), on February 12, 2013, which started its operations on May 1, 2013. Moreover, part of the Company's assets was transferred to Jordan Petroleum Products Marketing Company at the net book value. In addition, some of the Company's employees were seconded to work at Jordan Petroleum Products Marketing Company. The required legal procedures to transfer the title of buildings and vehicles were completed during the year 2016, the Ministry of Finance sent letter No.18/4/21247, dated August 24, 2015, to the Company inquiring about the transfer of part of the company's assets to Jordan Petroleum Products Marketing Company at the net book value, instead of the market value, demanding revaluation of these assets at market value, and recording the difference in those values to the favor of the Government. Consequently, the Company responded to the Ministry of Finance in a letter dated November 18, 2015, explaining that the decision to transfer assets at net book value was based on a precedent relating to the transfer of the assets of the stations to the three marketing companies. Moreover, the transfer is for restructuring the Company's activities upon the expiry of the concession period, which entailed such restructuring. The related effect on the financial statements depends on the conclusive agreement with the Government.

2- The Ministry of Finance sent several payment requests to Jordan Petroleum Refinery Company, the last was the Finance Minister Letter No.18/4/16920, dated July 19, 2016, which states that the Company must transfer an amount of JD 69.6 million to the Treasury as of March 31, 2016. The amount represent the difference between total refinery ownership of JD 407.9 million and the Treasury ownership of JD 328.3 million, in addition to the booked provision for Alia - Royal Jordanian Airlines of JD 40 million, borrowing interest for financing the needs of National Electric Power Company of JD 79.2 million, and pricing differences of JD 30 million as previously mentioned. Moreover, the Jordan Petroleum Refinery Company reversed the provision of Alia - Royal Jordanian Airlines during the year 2016.

   In accordance with the Prime Minister's Letter No. (15605), dated May 29, 2016, and during the year 2016, Jordan Petroleum Refinery Company booked part of the actual borrowing costs resulting from borrowings on behalf of National Electric Power Company of JD 79.2 million to the Ministry of Finance, account against National Electric Power Company dues on the basis that the Company's used to book the finance costs to the Ministry of Finance's accounts directly during the past years rather than booking these finance costs to the National Electric Power Company. Moreover, the Company shall transfer this amount to the Ministry of Finance once it is received from the National Electric Power Company (Notes 4&9).

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According to the meeting held on August 18, 2016 between the Company and a committee from the Ministry of Finance, it was agreed that the net financial position with the Company amounted to JD 79.6 million to the favor of the Company based on the balances as of March 31, 2016. This was carried out after the Company reversed the provision to the Alia - Royal Jordanian accounts receivable of JD 31 million. Furthermore, it was agreed to book JD 79.2 million, which represents part of the actual borrowing costs incurred by the Company, within accounts payable and as a receivable due from National Electric Power Company for the same amount. This balance shall be transferred to the Ministry of Finance once paid by the National Electric Power Company without affecting the financial relationship with the Government. In addition, the two parties agreed to cancel the claims of the pricing differences of JD 30 million. Accordingly, the net balance of financial relationship between the Company and the Government amounted to JD 79.6 million as of March 31, 2016 to the favor of the Company.

3- As stated in the Note (9) to the condensed consolidated interim financial, accounts payable and other credit balances includes import pricing differences amounted to JD 4,564,444 related to Jordan Petroleum Products Marketing Company as of March 31, 2017 (JD 1,463,471 as of December 31, 2016) this item represents the import pricing differences between the cost of imported oil derivatives and the prices of IPP related to Jordan Petroleum Products Marketing Company (Subsidiary Company). The Company booked the difference between the actual incurred importing cost and the mentioned price in the IPP pricing letter in importing pricing differences item included in accounts payable and other credit balances, since there is uncertainty whether this balance is a right for the Company or the Ministry of Finance.

Explanatory Paragraphs

The Company's financial year end is December 31st of each year, and the accompanying condensed interim financial statements are prepared for purpose of the Jordan Securities Commission and management only.

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

Amman - Jordan
April 27, 2017

Deloitte & Touche

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
Public Accountants
Amman - Jordan

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

ASSETS	Note	March 31, 2017 (Reviewed not audited) JD	December 31, 2016 (Audited) JD
Current Assets:			
Cash on hand and at banks balances		13,916,193	14,805,465
Accounts receivable and other debit balances	4	827,762,449	850,143,611
Crude oil, finished oil products and supplies	5	249,176,183	220,121,602
Total Current Assets		1,090,854,825	1,085,070,678
Deferred tax assets		7,306,610	7,314,270
Financial assets at fair value through other comprehensive income		2,726,620	2,898,959
Investment property - net		1,331,527	1,387,365
Property and Equipment:			
Lands		33,444,395	32,194,116
Property and equipment		390,169,795	388,802,490
Less: Accumulated depreciation		305,385,007	300,665,339
Net book value of property and equipment		118,229,183	120,331,267
Projects under construction		7,911,038	6,270,441
Total Property and Equipment	6	126,140,221	126,601,708
Intangible Assets:			
Goodwill		960,000	960,000
Jordan Petroleum Products Marketing Company license		30,000,000	30,000,000
Less: Accumulated amortization		11,750,000	11,000,000
Total Intangible Assets	7	19,210,000	19,960,000
TOTAL ASSETS		1,247,569,803	1,243,232,980
Contra Accounts			
Crude oil and strategic inventory derivatives	17	156,787,303	156,787,303
Death, end-of-service indemnity, and compensation fund	11	54,253,871	52,354,128

LIABILITIES	Note	March 31, 2017 (Reviewed not audited) JD	December 31, 2016 (Audited) JD
Current Liabilities:			
Due to banks	8	553,849,828	495,159,945
Accounts payable and other credit balances	9	429,215,563	490,514,822
Fees payable to Ministry of Energy for Jordan Petroleum Products Marketing Company license - current portion		4,280,000	4,280,000
Finance lease-obligation current portion		208,064	204,193
Provision for income tax	10	9,125,589	7,610,320
Total Current Liabilities		996,679,044	997,769,280
Long - Term Liabilities:			
Due to death, end-of-service indemnity, and compensation fund	11	45,190,655	43,178,425
Fees payable to Ministry of Energy for Jordan Petroleum Products Marketing Company license - non - current portion		-	4,280,000
Finance lease obligation - non - current portion		819,119	871,572
Provision for staff end-of-service indemnity		57,523	62,633
Total Long-Term Liabilities		46,067,297	48,392,630
Total liabilities		1,042,746,341	1,046,161,910
OWNERS' EQUITY			
Subscribed and paid-up capital (100,000,000 shares at JD 1 per share)	1	100,000,000	100,000,000
Statutory reserve		40,505,663	40,505,663
Voluntary reserve		7,266,204	7,266,204
Fair value reserve - net		2,363,179	2,535,518
Retained earnings		41,951,681	41,951,681
Profit for the period		7,783,642	-
Total Shareholders' Equity		199,870,369	192,259,066
Non - controlling interests		4,953,093	4,812,004
Total Owners' Equity		204,823,462	197,071,070
TOTAL LIABILITIES AND OWNERS' EQUITY		1,247,569,803	1,243,232,980
Contra Accounts			
Ministry of Finance-funding of strategic inventory	17	156,787,303	156,787,303
Provision for death, end-of-service indemnity, and compensation fund	11	54,253,871	52,354,128

Board of Directors Chairman

Chief Executive Officer

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

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME

(REVIEWED NOT AUDITED)

		For the Three Months Ended on March 31, 2017					For the Three Months Ended on March 31, 2016				
	Note	Refinery and Gas Cylinders Filling	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Other	Total	Refinery and Gas Cylinders Filling	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Other	Total
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Sales-Net	12	327,669,918	6,191,671	124,566,893	-	458,428,482	353,516,958	7,663,878	96,125,928	-	457,306,764
Less: Cost of sales	13	(277,870,720)	(3,165,328)	(116,681,931)	-	(397,717,979)	(293,474,327)	(3,884,851)	(91,526,608)	-	(388,885,786)
Gross Income from Sales		49,799,198	3,026,343	7,884,962	-	60,710,503	60,042,631	3,779,027	4,599,320	-	68,420,978
Add: Operating income and other income		4,193,387	2,756	267,981	-	4,464,124	2,696,046	-	119,123	-	2,815,169
Gross Income from Trading		53,992,585	3,029,099	8,152,943	-	65,174,627	62,738,677	3,779,027	4,718,443	-	71,236,147
Less: Selling and distribution expenses		(11,567,869)	(456,127)	(3,104,636)	-	(15,128,632)	(10,781,519)	(342,729)	(1,512,167)	-	(12,636,415)
General and administrative expenses		(2,301,799)	(21,284)	(523,133)	-	(2,846,216)	(2,391,296)	(48,598)	(420,710)	-	(2,860,604)
Bank interest and commissions		(3,524,739)	(1,066)	(507,678)	17,375	(4,016,108)	(5,643,941)	(2,160)	(370,227)	16,912	(5,999,416)
Provision for gas cylinders with specifications unauthorized for use by (JSMO)		-	-	-	-	-	(73,357)	-	-	-	(73,357)
Other expenses and income-net		(76,547)	-	-	-	(76,547)	23,013	-	-	-	23,013
Recovered from (provision for) doubtful debts	4	1,012,598	(117,283)	(348,256)	-	547,059	1,486,982	(50,379)	(137,593)	-	1,299,010
Settlement of targeted income with the Government - (surplus)	15	(33,061,143)	-	-	-	(33,061,143)	(40,195,013)	-	-	-	(40,195,013)
Provision for slow-moving and obsolete inventory	5	(350,750)	-	-	-	(350,750)	(524,681)	-	-	-	(524,681)
Amortization of intangible assets	7	-	-	(750,000)	-	(750,000)	-	-	(750,000)	-	(750,000)
Profit for the Period before Income Tax		4,122,336	2,433,339	2,919,240	17,375	9,492,290	4,638,865	3,335,161	1,527,746	16,912	9,518,684
Income tax provision for the period	10	(706,438)	(340,667)	(587,735)	-	(1,634,840)	(905,777)	(466,923)	(306,124)	-	(1,678,824)
Profit for the Period		3,415,898	2,092,672	2,331,505	17,375	7,857,450	3,733,088	2,868,238	1,221,622	16,912	7,839,860
Attributable to :											
Company's shareholders						7,783,642					7,786,292
Non - controlling interests						73,808					53,568
						7,857,450					7,839,860
Earnings per Share for the Period-Basic & Diluted	14					-/078					-/078

Board of Directors Chairman

Chief Executive Officer

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

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDIITED)

	For the Three Months Ended March 31,	
	2017	2016
	JD	JD
Profit for the period	7,857,450	7,839,860
Items that can not be reclassified subsequently to the condensed consolidated statement of income:		
Change in fair value reserve - net	(172,339)	(75,985)
Total Comprehensive Income for the Period	7,685,111	7,763,875
Total Consolidated Comprehensive Income Attributable to:		
Company's shareholders	7,611,303	7,710,307
Non - controlling interests	73,808	53,568
	7,685,111	7,763,875

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

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED NOT AUDITED)

	Paid-up Capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve	Retained Earnings *	Profit for the period	Total Shareholders Equity	Non - Controlling Interests	Owners' Equity Total
For the Three Months Ended on March 31, 2017	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the period	100,000,000	40,505,663	7,266,204	2,535,518	41,951,681	-	192,259,066	4,812,004	197,071,070
Profit for the period	-	-	-	-	-	7,783,642	7,783,642	73,808	7,857,450
Change in fair value reserve for financial assets at fair value through comprehensive income	-	-	-	(172,339)	-	-	(172,339)	-	(172,339)
Total comprehensive income for the period	-	-	-	(172,339)	-	7,783,642	7,611,303	73,808	7,685,111
Change in non - controlling interests	-	-	-	-	-	-	-	67,281	67,281
Balance - End of the Period	100,000,000	40,505,663	7,266,204	2,363,179	41,951,681	7,783,642	199,870,369	4,953,093	204,823,462
For the Three Months Ended on March 31, 2016									
Balance - beginning of the period	75,000,000	35,929,396	9,204,190	2,672,897	43,340,918	-	166,147,401	3,425,587	169,572,988
Profit for the period	-	-	-	-	-	7,786,292	7,786,292	53,568	7,839,860
Change in fair value reserve for financial assets at fair value through comprehensive income	-	-	-	(75,985)	-	-	(75,985)	-	(75,985)
Total comprehensive income for the period	-	-	-	(75,985)	-	7,786,292	7,710,307	53,568	7,763,875
Change in non - controlling interests	-	-	-	-	-	-	-	(400,000)	(400,000)
Balance - End of the Period	75,000,000	35,929,396	9,204,190	2,596,912	43,340,918	7,786,292	173,857,708	3,079,155	176,936,863

* Retained earnings include an amount of JD 7,306,610 as of March 31, 2017, representing deferred tax assets restricted as per the instructions of the Jordan Securities Commission.

- The Board of directors recommended on March 27, 2017 to General Assembly to increase the Company's voluntary reserve by JD 7,318,705 and to create a special reserve with an amount of JD 7,318,706 for the purpose of the fourth expansion project from the retained earnings and to distribute cash dividends equivalent to 20 % of the capital.

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

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended on March 31, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit for the period before tax		9,492,290	9,518,684
Adjustments for:			
Depreciation of property and equipment and investment property		4,775,509	7,370,413
Intangible assets amortization	7	750,000	750,000
Provision for gas cylinders with specifications unauthorized to be used		-	73,357
Slow-moving and obsolete inventory provision	5	350,750	524,681
(Reversed from) provision for doubtful debts	4	(547,059)	(1,299,010)
Settlement of targeted income with the Government - surplus	15	33,061,143	40,195,013
Net Cash Flows from Operating Activities before Changes in Working Capital		47,882,633	57,133,138
(Increase) decrease in accounts receivable and other debit balances		(10,132,922)	15,659,792
(Increase) decrease in crude oil, finished oil products, and supplies		(29,405,331)	31,858,727
(Decrease) in accounts payable and other credit balances		(61,304,369)	(14,706,313)
Increase in due to death, end-of-service indemnity, and compensation fund		2,012,230	1,170,902
Net Cash Flows (used in) from Operating Activities before Income Tax		(50,947,759)	91,116,246
Income tax paid	10	(111,914)	(1,036,471)
Net Cash Flows (used in) from Operating Activities		(51,059,673)	90,079,775
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property and equipment, investment property and projects under construction - net		(4,258,181)	(6,847,080)
Paid to Ministry of Energy for marketing license		(4,280,000)	(4,280,000)
Net change in payments to acquire investments after change in non-controlling interests		67,281	(597,188)
Net Cash Flows (used in) Investing Activities		(8,470,900)	(11,724,268)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in due to banks		58,689,883	(76,837,008)
(Decrease) in finance lease obligations		(48,582)	(46,028)
Net Cash Flows from (used in) Financing Activities		58,641,301	(76,883,036)
Net (Decrease) Increase in Cash		(889,272)	1,472,471
Cash on hand and at banks - beginning of the period		14,805,465	11,381,569
Cash on Hand and at Banks - End of the Period		13,916,193	12,854,040

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

1. General

The Company was established on July 8, 1956, with a capital of JD 4 million, which was increased in stages, with the latest being on April 28, 2016, in which the Company's general assembly approved in their 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.

Added to the main units of refining and producing oil derivatives petroleum products, the factories for the production of lube-oils in addition to Jordan Petroleum Products Marketing Company. Moreover, the process of repairing gas cylinders is conducted in a special workshop to reduce the cost of dispose the cylinders. Further, the accompanying condensed consolidated financial statements include the operations of the main refining units, factories, and directly and indirectly owned subsidiaries.

Besides the refining and production of hydrocarbon products, the Company transports and distributes these products to some customers, who receive supplies directly from the Company, as well as markets lube-oils. In addition, Jordan Petroleum Products Marketing Company supplies its stations with petroleum products and maintains them 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 it wholly or partially owns - after the expiry date of the concession agreement on March 2, 2008. During the year-ended December 31, 2008, the Company established two subsidiaries companies wholly owned by Jordan Petroleum Refinery Company (JPRC), namely: Jordan Liquefied Petroleum Gas Manufacturing and Filling Company, and Jordan Lube Oil Manufacturing Company, in order to split the activities of producing lube oil and filling gas. However, none of these companies has conducted any commercial activities yet, and JPRC is still in the process of segregating its other activities. Through that the stand - alone financial statements for these two companies has been audited since the establishment to the end of the financial year on December 31, 2015. During the year 2013, the Company established Jordan Petroleum Products Marketing Company which is wholly owned by JPRC.

Although the expired concession settlement agreement between Jordan Petroleum Refinery Company and the government on February 25, 2008 included that Jordan Petroleum Refinery will keep a part of distributing activities (one of the licensed distributing companies with a share not less than 25 % of the market) subject to all conditions and terms that is applied for other distributing companies, the agreement stated that the assets of this company shall include the gas stations owned by Jordan Petroleum Refinery which has the right to split, own and sell these stations to the distributing companies, in addition, Jordan Petroleum Refinery Company is the owner of the tanks and the pumps has the right to sell them to the distribution Companies, moreover, it included that the government owns some entities (storage and loading areas in Aqaba and properties within the Jordanian airports. Jordan Petroleum Refinery Company was involved as a partner then it has been agreed that the government will be the sole owner for these assets in accordance to the meeting held on September 2012) Keeping the remaining ownership for the property, plant and equipment by Jordan Petroleum Refinery Company. The Company established Jordan Petroleum Products Marketing Company that started its operations in May 2013 and transferred the distribution activities to this company. Accordingly, the distribution activities and the gas stations were transferred to this company.

The Board of Directors approved the accompanying condensed consolidated interim financial statements in their meeting held on April 27, 2017, and these consolidated financial statements are subject to the approval of the General Assembly of Shareholders.

2. The Concession Agreement

a. The concession agreement between the Company and the 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, the financial effect of some items in this agreement has not been determined nor reflected in the consolidated financial statements. Additionally, a final settlement has not been reached regarding the provision for doubtful debts and provision for slow-moving and spoiled inventory. The recoveries from these two provisions' balances outstanding as of the concession expiry date should be credited to the Government.

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

1. Through the petroleum derivatives pricing mechanism, annual profit from refining and distribution activities of JD 7.5 million after tax will be achieved while maintaining the change in the Company's expenses at normal rates.

2. The Lube-Oil Factory income shall be excluded from the profit referred to in item (1) above provided that it is subject to income tax.

3. The Company shall be granted an amount of 10 cents/barrel from the surplus realized by the Government as an additional income from refining the Iraqi crude oil. This consideration is calculated based on the quantity of the barrels received by the Company provided that this income is subjected to income tax.

4. An agreement shall be made between the Government's representatives and the Chairman of the Audit Committee, ensuing from the Company's Board of Directors, concerning any new provisions or the increase in the outstanding provisions. These provisions shall be reviewed quarterly.

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

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

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

1- Through the oil derivatives pricing mechanism, annual net profit of JD 15 million after tax is to be achieved for Jordan Petroleum Refinery Company while keeping changes the Company's expenses at normal rates. Otherwise, the government should be consulted and coordinated concerning any deviations from these rates.

2- The Government has the right to appoint an external auditor (public accountant) to audit the Company's records for the purposes determined by the Government.

3- Income from the marketing company owned by Jordan Petroleum Refinery Company, and any other income from other future companies owned by it and operating according to licenses issued by the Ministry of Energy and Mineral Resources or the industry legislator, shall be excluded from the profit mentioned above, provided their the financial statements or accounts are separated.

4- The Lube–Oil Factory income shall be excluded from the profit referred to above, provided that the Lube-Oil Factory will be charged with the related fixed and variable costs whether directly or indirectly as long as the financial statements or accounts are separated.

5- The liquefied gas income shall be excluded from the profit referred to above, provided that the financial statements or accounts are separated.

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

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

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

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

3. Significant Accounting Policies

a. Basis of preparation of the condensed consolidated interim financial statements

- The condensed consolidated interim financial statements were prepared in accordance with International Accounting Standards (34) (Interim Financial Reporting).

- The condensed consolidated interim financial statements are stated in Jordanian Dinar.

- The condensed consolidated interim 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 condensed consolidated interim financial statements.

- The accounting policies adopted in the preparation of the condensed consolidated interim financial statements is consistent with those applied in the year ended December 31, 2016 except for the effect of the adoption of the new and revised standards which is applied in the first of January of 2017.

The following are the most significant accounting policies:

b- Basis of Consolidation of the Financial Statements

- The condensed consolidated interim financial statements include the financial statements of the Company, its subsidiaries, and entities under its control. Moreover, control is achieved when the Company has the ability to control the financial and operating policies of the subsidiary company to obtain benefits from its activities. Transactions, balances, revenues, and expenses between the Company and its subsidiaries are eliminated.

- The company re-evaluates its control on the subsidiary company if the facts and circumstances include changes to the above mentioned control elements.

- When the voting rights of the Company are less than the majority rights of the investee Company-as the Company has authority over the investee company when it has sufficient voting rights granting it the ability to direct the investee-related activities from one-side-the Company considers all the relevant facts and circumstances when performing an evaluation of whether the owned voting rights are enough to give it authority over the investee company or not. This includes the following:

- The size of the Company's voting rights compared to others' and their distribution.
- The probable voting rights owned by the Company.
- Rights arising from any other contractual arrangements.
- Any indications or circumstances pointing to whether the Company is currently capable/incapable of directing its related activities the decision must be taken. This includes voting patterns in the shareholders' previous meetings.

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

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

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

- Transactions, balances, revenues and expenses between the Company and its subsidiaries are eliminated.

- The financial statements of the subsidiary companies are prepared for the same fiscal year of the Company adopting the same accounting policies of the Company. If the accounting policies adopted by the subsidiary differ from those adopted by the Company, the necessary adjustments to the subsidiary company's financial statements are made so that its accounting policies match those of the Company.

- The result of subsidiaries company's operation will be consolidated in the consolidated income statements from the date of acquisition which is the date that the control effectively moved to the company over the subsidiary company, the result of subsidiaries company's operation which has been disposed will be consolidated in the consolidated incomes statement up to the date of disposal which is the date that the company loses control over the subsidiaries.

* The Company owns directly and indirectly the following subsidiaries as of March 31, 2017:

Company's Name	Authorized Capital	Ownership	Investment Balance as of March 31, 2017	Location	Establishment Date	Note
	JD	%	JD			
Jordan Petroleum Products Marketing Company (paid 100%) (1)	55,000,000	100	55,000,000	Amman	February 12, 2013	Performing
Jordan Liquefied Petroleum Gas Manufacturing and Filling Company (paid 50%) (2)	4,000,000	100	2,000,000	Amman	May 28, 2008	Non-performing
Jordan Lube - Oil Manufacturing Company (paid 50%) (2)	3,000,000	100	1,500,000	Amman	May 28, 2008	Non-performing
Nuzha and Istiklal Fuel and Oil Station Company (paid 100%) (2)	5,000	60	2,403,000	Amman	January 8, 2014	Performing
Al-Markzeya Fuel Trade Station Company (paid 100%) (2)	10,000	86	4,307,245	Amman	May 28, 2014	Performing
Al-Karak Central Fuel Station Company (paid 50%) (2)	5,000	60	623,000	Al Karak	November 26, 2014	Performing
Al-Khairat Fuel Station Company (paid 50%) (2)	5,000	60	323,000	Al Karak	November 11, 2014	Performing
Rawaby Al-Qwirah Fuel and Oil Station Company (paid 50%) (2)	5,000	60	541,500	Al Aqaba	June 22, 2015	Performing
Al-a'on for marketing and Distribution Fuel products Company (2)	1,005,000	60	603,000	Amman	January 10, 2016	Performing
Qaws Al-Nasser managing Fuel Stations Company (2)	3,000	60	720,000	Irbid	December 29, 2014	Non-performing-under renovation
Al-Tariq Al-Da'ari for fuel Company (2)	5,000	60	223,500	Amman	June 10, 2015	Non-performing-under renovation
Al-Muneirah Station for Fuel and Oil Company (2)	5,000	60	240,600	Amman	November 6, 2014	Non-performing-under renovation
Al-Ramah Modern Station Fuel Company (2)	5,000	60	183,000	Amman	December 17, 2014	Non-performing-under renovation
Al-Wadi Al-A'abiad Gas station (paid 50%) (2)	5,000	60	241,500	Amman	August 4, 2015	Non-performing-under renovation
Gas Stations Management Company (paid 50%) (2)	5,000	100	2,500	Amman	January 7, 2016	Non-performing-under renovation
Jordanian German Gas stations Company (2)	5,000	60	234,500	Amman	October 8, 2015	Non-performing-under renovation
Al-Tanmwieh Al-A'ola Gas Stations (paid 50%) (2)	5,000	60	246,912	Amman	November 19, 2015	Non-performing-under renovation
Al-Sheraa for Fuel and Oil Company (paid 50%) (2)	5,000	95	2,375	Amman	February 19, 2017	Non-performing-under renovation
Al-Kamel for Fuel and Oil Company (paid 50%) (2)	5,000	60	1,500	Amman	February 26, 2017	Non-performing-under renovation

(1) Jordan Petroleum Products Marketing Company was established on February 12, 2013 with total assets along with those of its subsidiaries of JD 195,965,987, while its total liabilities and those of its subsidiaries amounted to JD 110,590,940 as of March 31, 2017. The Company's consolidated net income amounted to JD 2,331,505 with a non-controlling interest amounted to JD 73,808 for the period-ended March 31, 2017. Furthermore, the Company has started operating gradually since May 1, 2013, and part of Jordan Petroleum Refinery Company's assets have been transferred to the Company at their net book value. Also, some employees were assigned from Jordan Petroleum Refinery Company to work at the Company. The task of providing consumers with oil derivatives has been transferred to the Jordan Petroleum Product Marketing Company; however, this task had been completed as of March 31, 2017 except for electricity company's governmental institutions, security agencies, some airlines agencies, stations and airports still obtain their supplies directly from Jordan Petroleum Refinery Company. The required legal procedures to conclude the transfer of the ownership of the assets to Jordan Petroleum Products Marketing Company and it's as follows:

1- Lands and buildings: The value of lands and buildings with a cost of JD 4,903,282 was transferred to Jordan Petroleum Products Marketing Company according to their book values; however. The net book value of these assets is JD 4,141,581 as of May 1, 2013. These assets were completely transferred to Jordan Petroleum Products Marketing Company.

2- Vehicles: The value of vehicles costing JD 5,483,410 was transferred to Jordan Petroleum Products Marketing Company according to their book value. Moreover, the net book value of these assets is JD 109,881 as of the May 1, 2013. These assets were completely transferred to Jordan Petroleum Products Marketing Company.

3- Other property and equipment: Other property and equipment costing JD 4,460,927 were transferred and issued the related invoices to Jordan Petroleum Products Marketing Company according to their book value; however the net book value of these assets is JD 1,446,738.

4- Employees and their benefits: The contracts of Jordan Petroleum Refinery Company's employees were not transferred to Jordan Petroleum Products Marketing Company.

During the three months ended on March 31, 2017, Jordan Petroleum Refinery Company increased the paid up capital of Jordan Petroleum Product Marketing Company to become JD 55 million and completed the legal procedures with the related authorized bodies.

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

- The most significant information regarding the subsidiaries of Jordan Petroleum Refinery Company and the subsidiaries of Jordan Petroleum Products Marketing Company as of March 31, 2017 is as follows:

	March 31, 2017		For the Three Months Ended March 31, 2017	
	Total Assets	Total Liabilities	Total Revenue	Total Expenses
	JD	JD	JD	JD
Jordan Liquefied Petroleum Gas Manufacturing and Filling Company	2,504,162	494,163	9,999	-
Jordan Lube - Oil Manufacturing Company	1,878,094	370,718	7,376	-
Al-Markzeya Fuel Trade Station Company	6,071,793	6,073,360	4,502	10,144
Nuzha and Istiklal for Fuel and Oil Station Company	3,619,403	3,152,255	3,238,566	3,153,497
Al-Karak Central for Fuel Station Company	1,702,529	1,565,885	861,566	838,548
Al-Khairat Fuel Station Company	948,880	908,033	875,305	862,877
Rawaby Al-Qwirah Fuel and Oil Station Company	2,172,098	2,077,339	800,974	776,885
Al-a'on for marketing and Distribution of Fuel products Company	6,188,260	4,853,100	3,395,247	3,340,221
Qaws Al-Nasser for managing Fuel Stations Company	1,712,215	1,715,033	-	992
Al-Tariq Al-Da'ari for fuel Company	1,631,510	1,637,825	-	3,191
Al-Muneirah Station for Fuel and Oil Company	473,300	473,686	-	1,110
Al-Ramah Modern Station for Fuel Company	331,327	331,950	-	523
Al-Wadi Al-A'abiad Gas station	595,823	596,533	-	519
Gas Stations Management Company	2,482	2,876	-	509
Jordanian German for Gas stations Company	1,042,396	962,982	-	2,686
Al-Tanmwieh Al-A'ola Gas Stations	443,385	443,402	-	509
Al-Sheraa for Fuel and Oil Company *	1,201,031	1,200,825	-	2,294
Al-Kamel for Fuel and Oil Company	1,564	375	-	1,311

* During the period ended March 31, 2017 Jordan Petroleum Products Marketing Company (subsidiary company) invested in Al-Sheraa for Fuel and Oil Company with an a ownership percentage of 95 noting that the profit sharing percentage is 60 % for Jordan Petroleum Products Marketing Company (subsidiary company) and 40% for the another partner.

Accounting Estimates

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

We believe that the estimates adopted in the condensed consolidated interim financial statements are reasonable and consistent with that adopted in the preparation of the consolidated financial statements for the year ended 2016.

4. Accounts Receivable and Other Debit Balances

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Governmental institutions and departments-fuel	298,772,565	288,101,844
Fuel, electricity, and other clients (a)	102,871,087	93,181,892
Alia Company - Royal Jordanian Airlines (b)	64,805,103	68,885,103
Total receivables	466,448,755	450,168,839
Ministry of Finance	165,738,708	187,865,728
National Electric Power Company- Borrowing cost (c)	79,200,000	79,200,000
Checks under collection (d)	22,791,796	36,760,132
Advance payment on Stamp duties, fuel imports fees, jet fuel and strategic inventory fees (e)	-	3,505,279
General sales tax deposits	95,343,521	93,804,801
Private sales tax on oil derivatives deposits	-	2,726,619
Other debit balances (f)	3,936,340	3,489,285
Employees receivable	1,429,508	1,264,943
Advances against staff end-of-service indemnity	37,660	42,405
Letters of credit deposits and purchase orders	1,043,225	385,425
Prepaid expenses (g)	4,416,326	4,100,604
	840,385,839	863,314,060
Less: Provision for doubtful debts (h)	(12,623,390)	(13,170,449)
	827,762,449	850,143,611

The Company has adopted a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The following is the ageing of accounts receivable:

	March 31, 2017	December 31, 2016
	JD	JD
1 day – 119 days	93,780,457	97,726,486
120 days – 179 days	38,946,712	12,657,422
180 days – 365 days	16,592,932	16,717,054
More than a year *	317,128,654	323,067,877
Total	466,448,755	450,168,839

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

* This balance includes receivables from governmental parties or guaranteed by government due for more than a year with a total amount of JD 248,081,382. In our opinion, the Company is able to collect these receivables, and there is no need to book a provision. The balance also includes amounts due from the partners of some subsidiaries of JD 1,844,649, due for more than one year. In management's opinion, there is no need to book an additional provision as the Company signed agreements with those parties to have them pay the amounts due through directly transferring any profits they generate to the Company guaranteed by real estate collaterals.

a. This item represents amounts due from the electrical distribution and generation companies for fuel consumption amounted to JD 46,521,421 as of March 31, 2017 (JD 26,777,972 as of December 31, 2016).

b. On March 8, 2016, the Company signed a settlement agreement with Royal Jordanian Airlines (RJ) to collect the outstanding receivables, according to this agreement RJ paid 10% of the outstanding balance in the month of March 2016 the remaining amount shall be paid through 60 monthly installment. The first installment was due on March 31, 2016, and the last one will be due on February 28, 2021, with an interest of % 4.4. Moreover, Alia Company-Royal Jordanian Airlines should pay all subsequent invoices at the due date. Accordingly, the Company did not book any additional provisions for RJ receivable. The Ministry of Finance informed the Company through its letter number 18/4/15391 dated June 26, 2016 that the Company should reverse the booked provision for Alia Company – Royal Jordanian Airlines since RJ is complying with all agreement terms. Alia Company – Royal Jordanian Airlines should pay their monthly withdrawals in accordance to the signed agreement, consequently the Company reverse the booked provision for Alia amounted to JD 31 million. In case RJ did not comply with this agreement the Company should rebuild the allowance for doubtful debts against their dues. During the year 2016 the Company decreased the amounts due from RJ with an amount of JD 6,119,793 and booked it to the account of Ministry of Finance this deduction represents a discount over the quantities purchased of the Jet fuel according to IPP and in accordance with the Council of Minsters decision number 11131.

c. This item represents borrowing costs that the Company incurred on behalf of the electrical Company's based on the council minster number (15605) dated on May 29, 2016 which included to book the actual borrowing costs resulting from borrowings on behalf of National Electric Power Company of JD 79.2 million, accordingly Jordan Petroleum Refinery Company agreed with the National Electric Power Company to book the amount in accordance with the meeting held between them and representatives of the ministry of Finance, in which Jordan Petroleum Refinery Company insisted to transfer the amount to the ministry of finance account after receive it from the National Electric Power Company. According to the meeting held on August 18, 2016 between the Company and a committee from the Ministry of Finance, it was agreed that the net financial position with the Company amounted to JD 79.6 million to the favor of the Company based on the balances as of March 31, 2016. This was carried out after the Company reversed the provision to the Alia - Royal Jordanian accounts receivable of JD 31 million. Furthermore, it was agreed to book JD 79.2 million, which representing part of the actual borrowing costs incurred by the Company, within accounts payable and as a receivable due from National Electric Power Company for the same amount. This balance shall be transferred to the Ministry of Finance once paid by the National Electric Power Company without affecting the financial relationship with the Government.

d. The maturity date of checks under collection for the refining operation extends to April 30, 2017, while the maturity date of the checks of the lube-oil factory extends up to July 31, 2017.

e. This item represents advance payments for fuel stamps duties, jet fuel import fees, Jet and strategies inventory fees for the Ministry of Finance and treasury support which is included in the (IPP) as of December 31, 2016, the Company settled all amounts due to Government during the year ended December 31, 2016, this amount were reduced by earned fees for the period ended on March 31, 2017 – Note (9/f).

f. This item mainly consists of the current account of the employees' housing fund in addition to advance payment for the Jordanian Customs Department.

g. This item mainly represents prepaid expenses related to rent insurance fees and for security services.

h. The movement on the provision for doubtful debts is as follows:

	For the Three Months Ended on March 31, 2017	For the Year Ended on December 31, 2016
	JD	JD
Balance - beginning of the period/year	13,170,449	46,950,861
(Recovered) during the period/year	(547,059)	(33,453,803)
Written-off during the period/year *	-	(326,609)
Balance - End of the Period/Year	12,623,390	13,170,449

* During 2016 the Company written off some receivables upon approval from both Board of Directors of the Company's and Jordan Petroleum Products Marketing Company (Subsidiary Company).

5. Crude Oil, Finished Oil Products, and Supplies

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Finished petroleum products and lube oil	121,401,445	83,078,784
Crude oil and materials under process	33,107,861	34,569,802
Raw materials, spare parts, and other supplies	66,501,727	62,016,272
Goods in transit	48,813,801	60,754,645
Provision for obsolete and slow-moving items *	(20,648,651)	(20,297,901)
	249,176,183	220,121,602

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

	For the Three Months Ended on March 31, 2017	For the Year Ended December on 31, 2016
	JD	JD
Balance - beginning of the period/year	20,297,901	17,654,341
Provision reclaimed during the period/year	350,750	2,655,890
Less: inventory written-off	-	(12,330)
Balance - End of the Period/Year	20,648,651	20,297,901

6. Property and equipment

During the three months ended on March 31, 2017 an amount of JD 573,943 have been transferred from projects under constructions to property and equipment consists mainly of projects to build stations related to Jordan Petroleum Products Marketing Company (subsidiary company). Additions on property and equipment amounted to JD 4,258,181 for the three months ended on March 31, 2017 mainly represents lands and buildings purchased by Jordan Petroleum Products Marketing Company.

7. Intangible Assets – Net

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Jordan Petroleum Products Marketing License *	18,250,000	19,000,000
Goodwill **	960,000	960,000
	19,210,000	19,960,000

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

	For the Three Months Ended on March 31, 2017	For the Year Ended on December 31, 2016
	JD	JD
Balance - beginning of the period/year	19,000,000	22,000,000
(Amortization) of intangible assets for the period/year	(750,000)	(3,000,000)
	18,250,000	19,000,000

** This item represents goodwill from acquiring 60% shares of Nuzha and Istiqlal Gas Station Company and resulted from valuation differences. The recoverable amount has been determined by calculating the expected cash flows to be generated to the Company based on a 10-year budget approved by the Company. Moreover, the expected cash flows for the years after 2015 were determined, using a growth rate of 4% for revenues and a growth rate of 2.5% for expenses. In management's opinion, the used growth rates for revenues and expenses are reasonable in light of the company's business nature as well as the overall growth of this sector in Jordan. The company agreed to use a discount rate of 10% for the expected cash flows with an internal rate of return of 15%.

8. Due to Banks

This item represents an overdraft current accounts, maturing during a year, granted by several local banks to finance the Company's activities, at interest rates ranging from 2.4 % to 5.25% against the Company's guarantee.

9. Accounts Payable and Other Credit Balances

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Deposits of surplus from differences of oil derivatives pricing (a)	49,917,996	79,278,291
General sales taxes on oil derivatives deposits	699,985	1,605,056
Special sales taxes on oil derivatives deposits (b)	5,099,815	6,753,423
Provisions for constructing alternative fuel tanks (c)	93,505,448	94,457,951
Suppliers and obligations drafts and purchase orders	114,653,536	142,564,858
Provision for replacing gas cylinders (d)	10,000,000	10,000,000
Stamp duties, fuel imports fees, jet fuel and strategic inventory fees (f)	1,456,742	-
Provision for occupational accidents indemnity	3,297,662	3,218,592
Provision for lawsuits and other obligations (Note 16/b)	5,839,900	5,760,050
Provision for employees vacations	2,251,642	2,334,015
Advance payment from customers (e)	8,896,551	7,431,502
Shareholders withholdings	6,720,982	6,943,221
Other provisions (g)	12,287	12,287
Creditors and other credit balances	35,636,092	42,170,840
Retention deducted from contractors	1,226,396	1,085,180
Provision for legal compensation (h)	4,338,146	4,338,146
Provision for penalty income tax delay payments (h)	1,897,939	1,897,939
Liabilities against interests related to National Electric Power Company for withholdings to the Ministry of Finance (i)	79,200,000	79,200,000
Import pricing differences / subsidiary company (j)	4,564,444	1,463,471
	429,215,563	490,514,822

a. This item includes amounts from gas cylinders pricing and oil derivatives pricing differences between total cost-including taxes, fees, transportation charges, and actual selling prices-and the rounding-up of fractions differences effective from March 2, 2008. These differences are considered as the Government's right according to the Ministry of Energy and Mineral Resources' Letter No. 9/4/1/719 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 rounding-up of prices in favor of the Ministry of Finance. Additionally, the Government has claimed the differences in the pricing of oil derivatives effective from December 14, 2008, according to the resolution of the Petroleum Derivatives Pricing Committee, in its meeting held on December 13, 2008, provided that the pricing surplus is recorded as a refundable deposit under liabilities within the condensed consolidated interim financial statements of the Company.

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

	For the Three Months Ended on March31, 2017	For the Year Ended on December 31, 2016
	JD	JD
Balance – beginning of the period/year	79,278,291	76,092,972
Pricing differences of oil derivatives during the period/year (Note 13)	639,705	9,505,112
Paid during the period/year	(30,000,000)	(6,319,793)
Balance – End of the Period/Year	49,917,996	79,278,291

b. During the year 2010, the pricing mechanism of oil derivatives, according to international prices, included special sales tax on oil derivatives at 6% of the refinery gate price excluding Fuel Oil, Afture, and Afkaz. Moreover, the special sales tax on fuel (both types) was raised, as stated in the pricing mechanism of oil derivatives letter dated June 18, 2010, to between 18% and 24%.

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

1. To adjust the exemption on unleaded gasoline Octane 90, according to Article (22/c) of the General Sales Tax Law No. (6) for the Year 1994 and its amendments, to become 12% subject to a general sales tax rate of 4%.

2. To cancel the exemption on unleaded fuel Octane 95, according to Article (22/c) of the General Sales Tax Law mentioned above, and subject it a general tax rate of 16%.

3. According to the resolution of the Council of Ministers, in its meeting held on January 11, 2011, it was decided to exempt diesel and kerosene from the special sales tax, and decrease the special tax on unleaded gasoline Octane (90), to become 12% instead of 18% effective from January 12, 2011.

4. The Council of Ministers approved, in its meeting held on February 7, 2016, based on Article No. (149/c) of the Customs Law No. (20) for the year 1998, to extend the exemption from customs duties for all the Company's refining imports until December 31, 2016 and until the date of this financial statements it had not been renewed.

5. According to the Ministry of Finance, in its meeting held on February 7, 2016, based on Article No. (149/c) from the Customs Law No. (20) for the year 1998, it was agreed to extend the exemption from customs duties for all the Company's refining imports, and forego the process of legalized the required documents (invoice and the certificate of origin), based on Article No. (2/f) of Instructions No. 2 for the year 1999, and-according to the Ministry of Finance-Customs Department's Letter No. 108/7/20 dated February 15, 2016 and up to December 31, 2016 and until the date of this condensed consolidated interim financial statements it had not been renewed yet.

6 The Council of Ministers approved, in its meeting held on January 3, 2016, based on the recommendations of the Economic Development Committee dated on December 22, 2015, to exempt the Company, the first of May 2013, from general and sales tax on exclusively imported quantities sold to the marketing companies, provided that the general and sales tax thereon has been paid by those companies within the pricing structure of IPP.

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

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

	For the Three Months Ended on March 31, 2017	For the Year Ended on December 31, 2016
	JD	JD
Balance – beginning of the period/year	94,457,951	96,975,272
The booked provisions for constructing alternative tanks during the period/year	-	12,343,893
Paid during the period/year	(952,503)	(14,861,214)
Balance – End of the Period/Year	93,505,448	94,457,951

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

	For the Three Months Ended on March 31, 2017	For the Year Ended on December 31, 2016
	JD	JD
Balance – beginning of the period/year	10,000,000	17,536,307
Add: Provision for the period/year *	1,448,474	3,774,141
Provision for gas cylinders with specifications unauthorized to be used **	-	129,477
Less: Released during the period/year ***	(1,448,474)	(3,774,141)
Reversed during the period/year ****	-	(7,665,784)
Balance – End of the Period/Year	10,000,000	10,000,000

* The provision for replacing gas cylinders is taken according to technical studies prepared by management. During the period ended on March 31, 2017, a provision of JD 1,448,474 was booked for the disposal and repair of cylinders, in accordance with IPP, amounting to JD 10 for each sold ton of gas. The number of gas cylinders sold during the period ended March 31, 2017 around to 11.5 million cylinders.

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

*** The Board of Directors approved, in their meeting No. 1/2016 dated February 8, 2016, to reverse an amount of JD 19,370,614 for the year 2015, based on the Company's meeting with the Ministry of Finance dated December 12, 2015, to reconcile the previous financial relationship. As such, it was agreed for the Company to keep a portion of the gas cylinders replacement provision for an amount not exceeding JD 10 million, furthermore, during the period ended on March 31, 2017 the Company reversed JD 1,448,474 against the cost of writing off and fixing the cylinders during the year in order to maintain the balance of JD 10 million as agreed with the Ministry of Finance.

**** In accordance with the Council of Ministers letter number 31/17/5/21025 which is related to the opinion of Legislation and Opinion Bureau, That Jordan Petroleum Refinery Company is responsible of the costs of the Indian cylinders rejected by the Jordan Institution for Standards and Metrology, accordingly Jordan Petroleum Refinery Company sent a letter number 2/25/25/7/1741 dated on February 14, 2017 to his Excellency Minister of Finance which states that the cost of the cylinders that have been incurred by the Company up to December 31, 2016 is amounted to JD 7,665,784 and the net realizable value of these cylinders is amounted to JD 1,331,250 therefore the net losses is amounted to JD 6,334,535, and if the Company book these losses in 2016 this will decrease the targeted/guaranteed profit in an amount of JD 5,067,628 as of the year ended December 31, 2016 which will result in a negative sequences on the Company position in the financial market, based on the above, the Council of Ministers approved in its letter number 31/17/5/14/14153 dated on March 28, 2017 to deferred and amortize the loss of the Indian cylinders amounted to JD 6,334,535 over five years starting from the year 2016 with an amount of JD 1,266,907 which has been decreased from the targeted profit for the Company which is JD 15 million, accordingly the net targeted profit for the year became JD 13,733,093, during the first quarter of the year 2017 the Company amortized JD 316,727 in the statement of income for Refinery and Gas Cylinders filling representing the portion for the three months of the installments period and post-ponding the amortization of the remaining amount to JD 4,750,901 in order to be amortized during the remaining period of the year 2017 and the coming three years, since the year during 2016 deferred the recognition of losses related to the cost of the Indian cylinders rejected by the Jordan Institution for Standards and Metrology Organization plus storage fees, based on the targeted profit equation. The International Financial Reporting Standards requires the whole amount to be deducted when incurred without deferral, The Company's records indicate that, had management recognized the losses when incurred without deferral during 2016 the net income and shareholders' equity would have been reduced by an amount of JD 5,067,628 instead of JD 1,266,907 as of December 31, 2016 and income for the period ended March 31, 2017 would have been increased by JD 316,727.

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

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

The movement of on this item is as follows:

	For the Three Months Ended on March 31, 2017	For the Year Ended on December 31, 2016
	JD	JD
Balance – beginning of the period/year	-	141,273,184
Booked during the period/year	4,962,021	16,485,234
Paid during the period/year *	(3,505,279)	(157,758,418)
Balance – End of the Period/Year	1,456,742	-

* During the year 2016 the Company paid an advance payment in an amount of JD 3,505,279 (as mentioned in Note 4 – Accounts Receivable and Other debit balances) and it was deducted from the earned fees during the period ended March 31, 2017.

g. This item represents provision for penalties on ships and technical and vocational education and training provision, the balance of penalties on ships is amounted to JD 12,287 as of March 31, 2017 and 2016, the Company paid an amount of JD 825,577 during the year 2016, accordingly the Company recovered an amount of JD 418,718 and used the remaining amount during the year ended December 31, 2016.

h. The Income and Sales Tax Department has reviewed and issued its final decision for the years 2011, 2012 and 2013. On May, 10, 2015, the Department informed the Company of the review, which resulted in extra tax of JD 15,618,205. Moreover, the Company has requested the Prime Minister to exempt the Company from income tax differences, and legal compensations and fines, as these taxes resulted from taking loans exceeding the accepted rate of loans to capital, as per the Income Tax Law. Such loans are taken to insure that the electricity-generating companies have sufficient quantities of diesel and oil to compensate the shortage in the Egyptian gas. Furthermore, the Council of Ministers approved, in its meeting held on December 3, 2016, to exempt the Company from income tax differences, legal compensations, and fines for the years 2011, 2012 and 2013. Consequently, the Company took a provision for the income tax differences for the year 2014, as this year has not been included in the decision for exemption of JD 5,422,683, provision for legal compensation for the year 2014 of JD 4,338,146, and a provision for delay payments of JD 1,897,939, to meet any probable future tax liabilities until the Income Tax Department reviews the year 2014. In the opinion of the tax consultant and management, the provision taken in the consolidated financial statements is sufficient to meet any tax obligations in the future.

i. Based on the Council of Minsters decision number (15605) dated on May 29, 2016 the Company booked an amount of JD 79.2 million representing borrowing cost on behalf of National Electric Power Company (NEPC), Jordan Petroleum Refinery Company committed to the Ministry of Finance in a speared account that will be paid to the ministry after receiving it from NEPC in according to the meeting held between the Company, representatives of the Ministry of Finance and NEPC. According to the meeting held on August 18, 2016 between the Company and a committee from the Ministry of Finance, it was agreed that the net financial position with the Company amounted to JD 79.2 million, which represents part of the actual borrowing costs incurred by the Company, within accounts payable and as a receivable due from National Electric Power Company for the same amount. This withholding shall be transferred to the Ministry of Finance once paid by the National Electric Power Company without affecting the financial relationship with the Government.

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

10. Provision for Income Tax

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

	For the Three Months Ended on March 31, 2017	For the Year Ended December 31, 2016
	JD	JD
Provision for income tax – beginning of the period/year	7,610,320	8,742,948
Add : Income tax expense for the period/year	1,627,183	4,176,729
Income tax expense for pervious years	-	2,372,257
Less : Income tax paid	(111,914)	(7,681,614)
Provision for income tax - End of the Period/Year	9,125,589	7,610,320

Income tax expense for the period shown in the condensed consolidated interim statement of income represents the following:

	For the Three Months Ended on March 31,	
	2017	2016
	JD	JD
Income tax for the period	1,627,183	1,568,438
Amortization of deferred tax assets for the period	7,657	110,386
Income tax provision for period	1,634,840	1,678,824

- The Company has reached a final settlement with the Income and Sales Tax Department up to the year 2014. Furthermore, the Company submitted its income tax return for the years 2015 and 2016, and paid the declared tax furthermore, the Company calculated the income tax expenses for period ended March 31, 2017 in accordance with the Jordanian Income Tax Law. Management and the tax consultant believe that the booked provisions are sufficient to meet any tax obligations.

- Jordan Petroleum Products Marketing Company (subsidiary) submitted its income tax return for the period from the establishment on February 12, 2013 up to December 31, 2015. Moreover, the Company's records have not been reviewed by the Income and Sales Tax Department yet, and income tax expense for the year ended December 31, 2016 was calculated according to the Jordanian Income Tax Law. In the opinion of management and the tax consultant, the provisions provided in the consolidated financial statements are adequate and there is no need to book additional provision.

- 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 additional tax of JD 15,618,205. Moreover, the Company has requested the Prime Minister to exempt the Company from income tax differences, and legal compensations and fines, as these taxes resulted from taking loans exceeding the accepted rate of loans to capital, as per the Income Tax Law. Such loans are taken to insure that the electricity-generating companies have sufficient quantities of diesel and oil to compensate the shortage in the Egyptian gas. Furthermore, the Council of Ministers approved, in its meeting held on December 3, 2016, to exempt the Company from income tax differences, legal compensations, and fines for the years 2011, 2012 and 2013. Consequently, the Company took a provision for the income tax differences for the year 2014, as this year has not been included in the decision for exemption of JD 5,422,683, provision for legal compensation for the year 2014 of JD 4,338,146, and a provision for late payments by 0.004 which amounted to JD 1,897,939, to meet any probable future tax liabilities until the Income Tax Department reviews the year 2014. In the opinion of the tax consultant and management, the provision taken in the consolidated financial statements is sufficient to meet any tax obligations in the future.

- The income tax rate is 14% for refinery and gas activities and oil factory and 20% for Jordan Petroleum Products Marketing Company and for its subsidiaries.

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

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

12. Sales - Net

This item consists of the following:

	For the Three Months Ended on March 31,	
	2017	2016
	JD	JD
Refinery and filling of gas cylinders sales	341,494,500	365,608,247
Lube-oil factory sales	6,191,671	7,663,878
Jordan Petroleum Products Marketing Company's sales	177,238,768	130,696,710
Less: Sales tax and special tax	(66,496,457)	(46,662,071)
	458,428,482	457,306,764

13. Cost of Sales

This item consists of the following:

	For the Three Months Ended on March 31,	
	2017	2016
	JD	JD
Crude oil and materials under process - beginning of the period	34,569,802	27,728,881
Purchases of crude oil and raw materials used in production	231,733,327	142,450,678
Less: crude oil and materials under process - end of the period	(33,107,861)	(33,428,120)
Cost of Materials used in Production	233,195,268	136,751,439
Manufacturing Expenses	17,054,506	17,095,272
Total Production Cost	250,249,774	153,846,711
Add: Finished products - beginning of the period	83,078,784	86,203,435
Purchases of finished products during the period	198,005,449	216,260,581
Less: Finished products - end of the period	(121,401,445)	(67,272,357)
Subsidy of crude oil derivatives charged to the Ministry of Finance account	(12,854,288)	(4,080,660)
Add: Surplus in oil derivatives pricing to the Ministry of Finance account *	639,705	3,928,076
	397,717,979	388,885,786

- The average cost per crude oil barrel amounted to USD 53/16 for the three months ended on March 31, 2017 (USD 30/18 for the three months ended on March 31, 2016).

* This item represents surpuls selling price for the consumer over the monthly IPP.

14. Earnings per Share for the Period-Basic and Diluted

This item consists of the following:

	For the Three Months Ended on March 31,	
	2017	2016
	JD	JD
Income for the period shareholders	7,783,642	7,786,292
Weighted-average number of shares	100,000,000	100,000,000
Earnings per Share for the Period-Basic & Diluted	0.078	0.078

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

15. Settlement of Income with the Government

This item represents the difference of net income calculated as per the agreement with the Council of Ministers on a commercial basis, and it is recorded in the Ministry of Finance's account for the period ended on March 31, 2017 and 2016. Moreover, the liquefied gas profit was not excluded from income, as no agreement with the Government has been reached yet concerning the commission on filling the gas cylinders, which covers costs and generates profit from this activity. The related negotiations with the Government are still ongoing in preparation of licensing this activity, and then excluding its profit from the refining profit (Note 2).

	For the Three Months Ended On March 31,	
	2017	2016
	JD	JD
Profit for the period before tax	42,553,433	49,713,697
Less: Lube Oil Factory income after tax	2,092,672	2,868,238
Jordan Petroleum Products Marketing Company's income after tax	2,331,505	1,221,622
The Company's targeted income after tax for the period	3,433,273	3,750,000
Income tax for the period	1,634,840	1,678,824
Recorded for the Government's account to reach targeted income	33,061,143	40,195,013

16. Contingent Liabilities and Financial Commitments

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

	March 31, 2017	December 31, 2016
	JD	JD
Letters of credit and bills of collections*	288,188,101	291,074,304
Letters of guarantee	5,951,097	8,920,963
Contracts for projects under construction	35,761,421	23,541,700

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

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

- A lawsuit was raised against Jordan Petroleum Refinery Company on November 29, 2012 by the contractor Joint Venture Companies Christopher de Constantends (S.A), Whitermoon (S.A), and Engineering Group (K.Z.V) Limited, the 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 decision obligating the Company to pay JD 3,605,014 with interest of 9% starting from September 20, 2015. Moreover, the Court rejected all other claims and contra-claims, and the Company recorded a provision of JD 4 million for this lawsuit.

- During the year 2015, the Court of Cassation issued its verdict No. 1663/2015 in favor of the 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 meeting held between the Ministry of Finance and the Jordan Petroleum Refinery Company dated December 12, 2015 to reduce the disputed amounts and to reach a settlement, it was agreed to recover a portion of the provisions and to transfer them to the ministry of finance and they are as follows:

1- Provision for doubtful debts: The provision related to the Royal Jordanian Airlines was approved and is to be reversed in an amount equal to the Company's collections. This is considered as the Government's right.

2- Provision for replacing gas cylinders: It was agreed that the full amount of the provision is a right for the Government provided that the Government handles the cost of writing-off the cylinders. Moreover, the Company shall keep a provision not exceeding JD 10 million along with the provision for the Indian cylinders and reflect this in the Government's account as of year-end 2015.

3- Provision for spoiled materials: It was agreed to reflect the provision for obsolete petroleum products on the financial relationship with the Government.

4- Accumulated depreciation: Both the Ministry of Finance and the Ministry of Energy should be provided with the details of fixed assets (property and equipment) and the depreciation method used and the extent to which it complies with International Financial Reporting Standards. It was also agreed not to charge the financial relationship with any expenses related to non-refining activities projects in progress.

5- Provision for vehicles self-insurance: It was agreed to reverse the full amount of this provision and reflect that on the financial relationship between the Company and the Ministry of Finance.

6- Provision for death, end-of-service indemnity, and compensation fund: It was agreed to provide the Ministry of Finance with the amount of the provision to be fully withheld and the remaining amount to complete the provision. Moreover, the Company has to provide the Ministry with a statement, showing the extent of the financial impact of the incentives awarded to the employees whose services have been terminated before the expiry date of their contracts and the resultant savings. It was agreed, starting from January 2016, not to subject new employees to the death, end-of-service indemnity, and compensation program and not charge government with financial costs related to them.

7- Provision for employees' vacation: It was agreed that no dispute exists concerning the formation of this provision provided that it is recalculated the end of every financial year.

8- Provision for end-of-service indemnity: It was agreed to provide the Ministry of Finance with a report of employees in service from prior 1980 to date.

9- Other provisions: It was agreed to provide the Ministry of Finance with the details of other provisions amounting to JD 1,167,770 as of September 30, 2015. Also, the Company has to justify the creation of these provisions.

- The Ministry of Finance informed Jordan Petroleum Refinery Company that the Company should transfer the accruals of the Treasury in accordance with the letter mentioned above which represented by the net financial relationship with the company by around JD 69.6 million to the Treasury as of March 31, 2016. The difference between total refinery ownership of JD 407.9 million, Treasury ownership of JD 328.3 million, in addition to the booked provision for Alia - Royal Jordanian Airlines of JD 40 million, borrowing interest for financing the needs of National Electric Power Company of JD 79.2 million, and pricing differences of JD 30 million as previously mentioned, furthermore, the Company replied back over the ministry of finance letter 2/23/25/7/7924 dated on July 24, 2016, Which states that the net relationship as of March 31, 2016 JD (79.6) million for the company, meanwhile the company confirmed the total refinery ownership as mentioned in the ministry letter amounted to JD 407.9 million and confirmed the total Treasury ownership amounted to JD (328.3) million and stated that part of these amounts has been paid after March 31, 2016 and stated that recognizing the borrowing costs of the Company in order to fund the needs of National Power Electric Company which is amounted to JD 79.2 million will be after confirming the amount by the National Electric Power Company, moreover pricing differences amounted to JD (30) million, that has been reversed in the surplus profit that has been booked for the ministry account during the year 2016 in the government profit settlement in order to obtain the targeted profit through reversing the provision of doubtful debts of Alia in the semiannual financial statements after obtaining the Board of Directors approval so accordingly the Company reversed the booked provision for Alia, Jordan Petroleum Refinery Company reversed the booked provision for Alia during the year ended December 31, 2016 according to the Board of Directors approval.

Accordingly, during the year ended on December 31, 2016, the Jordan Petroleum Refinery Company booked the incurred borrowing costs resulting from borrowings on behalf of National Electric Power Company of JD 79.2 million to the Ministry of Finance, account against National Electric Power Company dues on the basis that the Company's used to book the finance costs to the Ministry of Finance's accounts directly during the past years rather than booking these finance costs to the National Electric Power Company. Moreover, the Company shall transfer this amount to the Ministry of Finance once it is received from the National Electric Power Company.

According to the meeting held on August 18, 2016 between the Company and a committee from the Ministry of Finance, it was agreed that the net financial relationship with the Company amounted to JD 79.6 million to the favor of the Company based on the balances as of March 31, 2016. This was carried out after the company reversed the provision to the Alia - Royal Jordanian accounts receivable of JD 31 million. Furthermore, it was agreed to book JD 79.2 million, which representing part of the actual borrowing costs incurred by the Company, as a result of borrowing company and booking this amount on a separate account within accounts payable and other credit balances as a due from National Electric Power Company for the same amount on the accounts receivable and other debit balances. This balance shall be transferred to the Ministry of Finance once paid by the National Electric Power Company without affecting the financial relationship with the Government. In addition, the two parties agreed to cancel the claims of the pricing differences of JD 30 million. Accordingly, the net balance of financial relationship between the Company and the Government amounted to JD 79.6 million as of March 31, 2016 to the favor of the Company.

- The Company established the Jordan Petroleum Products Marketing Company (a limited liability company), on February 12, 2013, which started its operations on May 1, 2013. Moreover, part of the Company's assets was transferred to Jordan Petroleum Products Marketing Company at the assets net book value. In addition, some of the Company's employees were seconded to work at Jordan Petroleum Products Marketing Company. The required legal procedures to transfer the title of some buildings and vehicles were also completed during the year 2016, and the Company is still in the process of concluding the transfer of the title of the rest of property and equipment. Furthermore, the Ministry of Finance sent Letter No.18/4/21247, dated August 24, 2015, to the Company inquiring about the transfer of part of these assets to Jordan Petroleum Products Marketing Company at the assets net book value, instead of the market value. Demanding reevaluation of these assets at market value, and recording the difference in those values to the favor of the Government. Consequently, the Company responded to the Ministry of Finance in a letter dated November 18, 2015, explaining that the decision to transfer assets at net book value was based on a precedent relating to the transfer of the assets of the stations to the three marketing companies. Moreover, the transfer is for restructuring the Company's activities upon the expiry of the concession period, which entailed such restructuring.

17. Ministry of Finance - Funding of Strategic Inventory

a. This item represents an interest-free fund granted to the Company by the Ministry of Finance to finance the strategic inventory.

b. The concession agreement with the Government expired on March 2, 2008. Consequently, the Company, during the year 2008, entered into an agreement with the Government to evaluate and fix the quantity of the strategic inventory as of March 2, 2008, which is the expiry date of the concession. Accordingly, the strategic inventory has been stated as an off-consolidated statement of financial position item based on the quantities and prices as of that date.

18. Related Parties Transactions and Balances

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

	March 31, 2017	December 31, 2016
Balances:	JD	JD
Ministry of Finance debit (Note 4)	165,738,708	187,865,728
Ministry of Finance – financing of strategic inventory	(156,787,303)	(156,787,303)
Ministry of Energy and Mineral Resources – Provision for constructing alternative tanks (credit) (Note 9)	(93,505,448)	(94,457,951)
Ministry of Finance – surplus from differences of pricing oil derivatives (credit) (Note 9)	(49,917,996)	(79,278,291)

	For the Three Months Ended on March 31,	
	2017	2016
Transactions:	JD	JD
Subsidy for crude oil derivatives charged to the Ministry of Finance – (Note 13)	12,854,288	4,080,660
Ministry of Finance – settlement of targeted net income - (surplus) support (Note 15)	33,061,143	40,195,013
Ministry of Finance – surplus from differences of pricing oil derivatives – (Note 13)	639,705	3,928,076

Executive management and members of the Board of Directors' salaries and remunerations amounted to JD 302,669 for the period ended on March 31, 2017 (JD 287,834 for the period ended on March 31, 2016).

19. Sectorial and Geographical Distribution

Information on geographical and sectorial distribution:

- The Company is organized, for management purposes, into four major business sectors.

- Refining: This sector separates the components of imported lube-oil into a set of varied oil products according to international specifications.

- Distribution: Distribution links the production activity and refining activity, on one hand, and all customers in the various areas of the Kingdom, on the other. Moreover, distribution fulfills customers' demands on the Company's petroleum derivatives and gas.

- Manufacturing of Lube-oil: This sector includes the manufacturing and production of several types of oil required in the local market.

- Manufacturing and Packing of Gas Cylinders: This sector includes manufacturing, filling, repairing, and maintaining gas cylinders.

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

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

	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Jordan Petroleum Products Marketing Company	Others	Total
	JD	JD	JD	JD	JD
For the period ended on March 31, 2017:					
Income after tax	3,415,898	2,092,672	2,331,505	17,375	7,857,450
For the period ended on March 31, 2016:					
Income after tax	3,733,088	2,868,238	1,221,622	16,912	7,839,860

	March 31, 2017				
	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Jordan Petroleum Products Marketing Company	Others	Total
	JD	JD	JD	JD	JD
Other Information					
Total sector's assets	1,027,585,560	19,636,000	195,965,987	4,382,256	1,247,569,803
Total sector's liabilities	928,203,809	3,086,711	110,590,940	864,881	1,042,746,341

	December 31, 2016				
	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Jordan Petroleum Products Marketing Company	Others	Total
	JD	JD	JD	JD	JD
Other Information					
Total sector's assets	1,057,198,504	16,097,918	165,576,094	4,360,464	1,243,232,980
Total sector's liabilities	929,933,763	3,062,775	112,372,079	793,293	1,046,161,910

20. Future Plan

In order to develop the Company, increase profitability and quality of products the management is proceeding on The Company's fourth expansion project, as it aims to achieve the following:

A- Increase the company's ability of producing more oil to meet the demand of the kingdom.

B- Improve the quality of some of the petroleum derivatives to be in line with international standards.

C- Convert any surplus of fuel oil into other high-standard products with a high demand in the market.

As a replacement of the expansion project the Company chose to refine 120,000 barrels on every day of crude oil, using the Arab light crude oil or Basrah light crude oil (In case a pipeline for exporting Iraq crude oil across Aqaba's port is installed). Moreover, a new appropriate technology has been adopted to convert heavy materials into lighter ones with a higher value.

The company's technical department finished the evaluating the technical proposals which related to the fourth expansion in order to:

- Selection of the required technical license which related to the new units.
- Preparation of the primary engineering designs for the expansion project.

The final results have been presented to the Board of Directors in order to pick the best offer, the Board of Directors approved and picked two international Companies specialized in oil refinery technologies with an experience more than a century to license the project facilities, the Company signed agreements with the both American companies (UOP – HONEYWELL and KBR) in the presence of both his Excellence prime minister and the minister of Energy and Mineral Resources on April 23, 2017, The Two companies will prepare engineering designs for the expansion project together with studying environmental, health, public safety impacts and improving the monitoring and control system in Jordan Petroleum Refinery Company, afterwards completing these two stages the Company will prepare tender documents for the construction works to execute the project.

Meanwhile, financing the fourth expansion project is the most important issue in preparing such project, so accordingly a lot of meetings and communications with global parties that insisted to proceed in financing this project, and this came after finishing the financial consultant preparing an information memorandum for the project that have been sent for the related parties after signing an information confidentiality agreement in order to finance the project and to discuss the conditions and requirements of financiers.

Moreover, the Company is concluding an agreement with the government to reach to a fair commission on LPG filling. and exclude the results of the operations of this activity from the profits agreed with the government of around JD 15 million, Moreover, the Company continues to upgrade the production lines of (JO Petrol's) mineral oil filling and equipment testing, as well as expand the mineral oil production in the local and foreign markets. And the Jordan Petroleum Product Marketing Company is seeking to expand its activities through upgrading and increasing the number of its stations by sharing, renting, and building new stations or making new contracts with other stations to supply them with fuel, and the latest opened wholly owned gas station was Palestine Station located in Amman - Zarqa highway.

21. Fair Value Hierarchy

A. Fair value of financial assets and financial liabilities measured at fair value on a recurring basis.

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

	Fair Value as at					
Financial Assets	March 31, 2017	December 31, 2016	Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	JD	JD				
Financial assets at fair value:						
Financial assets at fair value through comprehensive income						
Companies shares	2,726,620	2,898,959	Level 1	Stated prices in financial markets	Not applicable	Not applicable
Total financial assets at fair value	2,726,620	2,898,959				

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

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

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

22. Subsequent events

As stated in Note (20) to the condensed consolidated interim financial statements related to the Company's future plan, the final results have been presented to the Board of Directors in order to pick the best offer, the Board of Directors approved and picked two international Companies specialized in oil refinery technologies with an experience more than a century to license the project facilities, the Company signed agreements with the both American companies (UOP – HONEYWELL and KBR) in the presence of both his Excellence prime minister and the minister of Energy and Mineral Resources on April 23, 2017, The Two companies will prepare engineering designs for the expansion project together with studying environmental, health, public safety impacts and improving the monitoring and control system in Jordan Petroleum Refinery Company, afterwards completing these two stages the Company will prepare tender documents for the construction works to execute the project.