



بسم الله الرحمن الرحيم
الحمد لله رب العالمين
والصلاة والسلام على
سيدنا محمد وآله
الطاهرين

Ref: MG/F/20-3450
Aug 26, 2020

Jordan Security Commission,
Amman - Jordan

Dear Sirs,

Subject: Afaq for Energy English Financial Statements Q2. 2020

As per JSC regulations, we are pleased to enclose herewith the English financial statements for the second quarter ended 30/06/2020 for AFAQ Energy.

Sincerely,

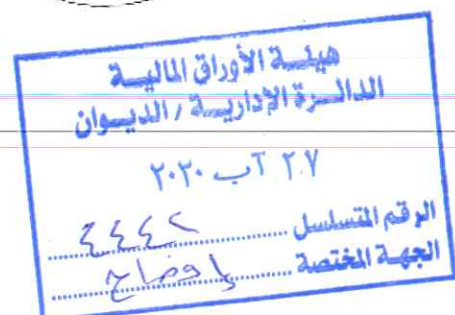
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AFAQ FOR ENERGY

PUBLIC SHAREHOLDING COMPANY

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

30 JUNE 2020



Building a better
working world

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

Introduction

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

We draw attention to note (13) to the interim condensed consolidated financial statements, which disclose the impact of the coronavirus pandemic on the Group's operating results for the period ended 30 June 2020. This matter does not modify our conclusion on these interim condensed consolidated financial statements.

Amman – Jordan
6 August 2020

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 30 JUNE 2020

	Notes	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Assets-			
Non-current Assets-			
Lands, property and equipment	3	296,848,483	299,854,073
Projects in progress		1,234,589	489,917
Right of use assets		13,670,255	12,599,888
Intangible assets		8,487,404	9,987,404
Financial assets at fair value through other comprehensive income		210,000	210,000
		<u>320,450,731</u>	<u>323,141,282</u>
Current Assets-			
Inventories		28,416,163	35,138,070
Accounts receivable and cheques under collection		53,093,623	66,717,584
Due from related parties	5	65,161,339	50,563,224
Financial assets at fair value through profit or loss		26,250	26,250
Other current assets		3,853,302	1,699,295
Cash on hand and at banks	4	13,518,263	29,559,380
		<u>164,068,940</u>	<u>183,703,803</u>
TOTAL ASSETS		<u><u>484,519,671</u></u>	<u><u>506,845,085</u></u>
Equity and Liabilities			
Equity-			
Paid in capital	1	110,000,000	110,000,000
Statutory reserve	10	17,371,306	17,371,306
Retained earnings		(6,014,779)	22,855,166
Total shareholders' equity		<u>121,356,527</u>	<u>150,226,472</u>
Non- controlling interest		<u>3,716,898</u>	<u>3,731,622</u>
TOTAL EQUITY		<u><u>125,073,425</u></u>	<u><u>153,958,094</u></u>
Non-current Liability-			
Loans and Murabaha	7	43,905,454	49,998,259
Lease liability – long term		12,877,116	11,287,979
		<u>56,782,570</u>	<u>61,286,238</u>
Current Liabilities-			
Due to banks	6	33,167,729	29,099,044
Loans and Murabaha- short term	7	108,910,888	99,908,953
Due to related parties	5	2,493,502	3,941,240
Post-dated cheques – short term		31,962,627	800,173
Income tax provision	9	-	2,149,051
Lease liability – short term		1,076,414	1,076,414
Due to government		79,459,692	76,446,198
Due to Jordan Petroleum Refinery Company Ltd.		6,111,670	6,435,887
Accounts payable and other current liabilities		39,481,154	71,743,793
		<u>302,663,676</u>	<u>291,600,753</u>
TOTAL LIABILITIES		<u><u>359,446,246</u></u>	<u><u>352,886,991</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>484,519,671</u></u>	<u><u>506,845,085</u></u>

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and should be read with the interim review report

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

	<i>Notes</i>	For the three months ended		For the six months ended	
		30 June		30 June	
		2020	2019	2020	2019
		JD	JD	JD	JD
Sales		104,745,406	211,487,844	301,053,652	433,966,294
Cost of sales		(117,363,143)	(197,999,727)	(306,970,474)	(412,376,409)
Gross (loss) profit		(12,617,737)	13,488,117	(5,916,822)	21,589,885
General and administrative expenses		(1,612,562)	(2,320,860)	(3,839,728)	(4,695,340)
Financing costs		(1,920,120)	(4,238,641)	(5,406,748)	(8,421,417)
Expected credit loss		(926,240)	(759,047)	(926,240)	(759,047)
Gain from sale of property and equipment		64,103	11,452	191,132	11,452
Other income		174,329	608,637	213,737	726,217
(Loss) Profit for the period before tax		(16,838,227)	6,789,658	(15,684,669)	8,451,750
Reversal from income tax provision	10	250,734	(1,189,951)	-	(1,538,990)
Profit (loss) for the period		(16,587,493)	5,599,707	(15,684,669)	6,912,760
Add: other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		(16,587,493)	5,599,707	(15,684,669)	6,912,760
Attributed to:					
Shareholders		(16,501,986)	5,528,170	(15,669,945)	6,717,975
Non-controlling interests		(85,507)	71,537	(14,724)	194,785
		(16,587,493)	5,599,707	(15,684,669)	6,912,760
		(JD/ Fils)	(JD/ Fils)	(JD/ Fils)	(JD/ Fils)
Basic and diluted earnings (loss) per share for the period	9	(0/150)	0/050	(0/142)	0/061

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and should be read with the interim review report

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

	Paid in capital	Statutory reserve	Retained earnings (Accumulated losses)	Total	Non- controlling interest	Total equity
	JD	JD	JD	JD	JD	JD
Period ended 30 June 2020 -						
Balance at 1 January 2020	110,000,000	17,371,306	22,855,166	150,226,472	3,731,622	153,958,094
Total comprehensive income for the period	-	-	(15,669,945)	(15,669,945)	(14,724)	(15,684,669)
Dividends (note 10)	-	-	(13,200,000)	(13,200,000)	-	(13,200,000)
Balance at 30 June 2020	110,000,000	17,371,306	(6,014,779)	121,356,527	3,716,898	125,073,425
Period ended 30 June 2019 -						
Balance at 1 January 2019	110,000,000	15,561,453	17,989,119	143,550,572	3,549,564	147,100,136
Total comprehensive income for the period	-	-	6,717,975	6,717,975	194,785	6,912,760
Dividends (note 10)	-	-	(8,250,000)	(8,250,000)	-	(8,250,000)
Balance at 30 June 2019	110,000,000	15,561,453	16,457,094	142,018,547	3,744,349	145,762,896

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and should be read with the interim review report

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

	Note	30 June 2020 JD	30 June 2019 JD
<u>Operating activities</u>			
(Loss) Profit for the period before tax		(15,684,669)	8,451,750
Adjustments for:			
Depreciation and amortization		7,086,881	6,294,165
Provision for Expected credit losses		926,240	759,047
Financing costs		5,406,748	8,421,417
(Gain) losses from disposal of property and equipment		(191,132)	11,452
Working capital adjustments			
Accounts receivable and cheques under collection		12,697,721	(5,648,907)
Inventories		6,721,907	17,281,560
Other current assets		(2,154,007)	(1,272,201)
Due from / to related parties		(2,202,604)	(9,187,868)
Accounts payable and other current liabilities		(32,586,856)	15,232,565
Due to government		3,013,494	14,623,767
Post-dated cheques		31,162,454	(410,544)
Net cash flows from operating activities before tax paid		14,196,177	54,556,203
Income tax paid	9	(2,149,051)	(1,376,679)
Net cash flows from operating activities		12,047,126	53,179,524
<u>Investing activities</u>			
Purchase of property and equipment and projects in progress		(1,224,326)	(3,087,459)
Proceeds from sale of property and equipment		260,989	46,036
Net cash flows used in investing activities		(963,337)	(3,041,423)
<u>Financing activities</u>			
Utilized from loans and Murabaha		283,803,565	302,130,828
Repayment of loans and Murabaha		(280,894,435)	(305,343,521)
Interest paid		(5,406,748)	(8,421,417)
Dividends paid		(13,200,000)	(8,250,000)
Lease liabilities paid		(1,652,724)	-
Due from/ to related parties		(13,843,249)	(982,679)
Net cash flows used in financing activities		(31,193,591)	(20,866,789)
Net (decrease) Increase in cash and cash equivalents		(20,109,802)	29,271,312
Cash and cash equivalents at 1 January		460,336	(46,468,750)
Cash and cash equivalents at 30 June	4	(19,649,466)	(17,197,438)

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and should be read with the interim review report

(1) GENERAL INFORMATION

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

The purpose of the Company is to invest in other companies that operate in the energy sector.

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

The headquarter of the group is located on Queen Alia International Airport Road- Amman - Hashemite Kingdome of Jordan.

(2) BASIS OF PREPARATION INTERIM FINANCIAL STATEMENTS

(2.1) Basis of preparation

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

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

(2.2) Changes in accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020 shown below:

Amendments to IFRS 3: Definition of a Business

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

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

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

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

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

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

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

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

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

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

(2.3) Basis of consolidation of financial statements

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

Name of the company	Country of incorporation	Ownership percentage	Main activity
Jordan Modern Oil and fuel Services Company	Jordan	100%	Fuel distribution
Jordan Modern Importing and Exporting Company (Free Zone)	Jordan	100%	Oil and lubricants distribution
Jordan Modern Food Trading Company	Jordan	100%	Trading
Aqaba Bulk Chemical Co.	Jordan	55%	Warehousing Services

(3) LANDS, PROPERTY AND EQUIPMENT

The Group purchased property and equipment amounting to JD 1,224,326 during the six months period ended 30 June 2020 (30 June 2019: JD 3,087,459).

There are lands amounting to JD 186,110,373 owned by Jordan Modern Oil and Fuel Services (a subsidiary), that are mortgaged against the Group's credit facilities.

(4) CASH AND CASH EQUIVALENT

	30 June 2020 JD (Unaudited)	30 June 2019 JD (Unaudited)
Cash on hand	1,002,619	1,093,706
Cheques with maturities less than one month	10,925,763	25,508,877
Cash at banks	1,589,881	2,956,797
	13,518,263	29,559,380
Due to banks	(33,167,729)	(29,099,044)
	(19,649,466)	460,336

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

(5) RELATED PARTIES TRANSACTIONS

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

Statement of financial position items:

	30 June 2020 JD	31 December 2019 JD
Due from related parties*		
Manaseer industrial complex Co. (sister company)	35,156,275	21,313,026
Advanced transport and land shipping services company LTD (sister company)	15,480,549	15,235,919
Developed crushers company LTD (sister company)	8,897,213	8,505,900
Magnisia Jordan limited shareholding company (sister company)	1,841,143	1,839,701
United iron and steel manufacturing company PLC (sister company)	1,743,334	1,535,722
Jordan modern company for high Information technology (sister company)	533,373	453,002
Al Row'a for vehicle spare parts (sister company)	487,256	415,469
Jordan modern ready Mix concrete company LTD (sister company)	102,618	328,421
Al Adiyat agricultural company (sister company)	266,365	251,275
Al Bunyan for cement and concrete products manufacturing Company LTD (sister company)	218,618	247,894
Distinguished for mining Co.(sister company)	213,712	213,712
Al Hadytha mining company LTD (sister company)	116,796	116,796
Jena for mining company (sister company)	69,196	51,720
Jordan modern international trade company LTD (sister company)	5,119	19,331
Al Bunyan for marble and granite co. (sister company)	-	8,523
AL Majal modern iron scraping (sister company)	2,303	6,965
Al Manseer charity (sister company)	2,500	6,408
Al Raed for mining (sister company)	6,290	6,290
Jordan modern for chemicals technology Co.(sister company)	3,000	3,000
Jordan modern advanced chemical industries Company LTD (sister company)	5,810	2,143
Trust industrial concrete Co. (sister company)	93	345
Al-owla for freight (sister company)	-	1,662
Jordan modern food industries Co.(sister company)	9,776	-
	<u>65,161,339</u>	<u>50,563,224</u>

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

	30 June 2020 JD	31 December 2019 JD
Due to related parties*		
Manaseer group for industrial and commercial	674,314	2,040,237
Khalid Ahmad Al Jafali (partner in a subsidiary)	612,294	612,294
Suhail Ghaleb Shukri Al Farouqi (partner in a subsidiary)	612,226	612,226
Afaq company for importing and storage (partner in a subsidiary)	570,709	570,709
Al Adiyat Al sereea machinery trading Company sister company)	16,526	97,861
AL-Bunyan for cement and concrete products Manufacturing Co. (sister company)	5,545	-
Jordan modern food industries Co. (sister company)	-	7,913
Manaseer for commercial services (sister company)	1,777	-
Al-owla for frieght (sister company)	111	-
	<u>2,493,502</u>	<u>3,941,240</u>

* All balances with related parties are not subject to interest and do not follow a payment schedule.

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

	30 June 2020 JD (Unaudited)	30 June 2019 JD (Unaudited)
Expenses charged by the Group's management	<u>153,073</u>	<u>154,903</u>
Oil and fuel sales	<u>7,954,654</u>	<u>8,503,197</u>

Key management salaries and benefits

Below is the summary of benefits (salaries, rewards and other benefits) of group's key management personnel:

	30 June 2020 JD (Unaudited)	30 June 2019 JD (Unaudited)
Salaries and benefits	<u>66,690</u>	<u>64,528</u>

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(6) DUE TO BANKS

This item represents the utilized overdraft credit facilities granted to the Jordan Modern Company for Oil and Gas Services (subsidiary).

	Limit	30 June 2020	31 December 2019
	JD	JD	JD
		(unaudited)	(audited)
Capital Bank of Jordan	1,600,000	1,618,373	985,157
Societe Generale Bank	1,500,000	681,879	1,511,685
Arab Jordan Investment Bank	13,312,000	12,086,750	12,032,395
Jordan Kuwait Bank	1,000,000	1,013,241	976,577
Arab Bank	10,000,000	10,708,801	7,646,844
Bank Al Etihad	3,000,000	2,582,600	962,478
Housing Bank for Trade and Finance	5,000,000	4,476,085	4,983,908
		<u>33,167,729</u>	<u>29,099,044</u>

These facilities are guaranteed by a first class mortgage on the land of Jordan Modern Company for Oil and Gas Services (a subsidiary) in addition to the personal guarantee of the Chairman of the board of directors.

The interest rates on due to banks in JD ranges from 8% to 9.25%.

(7) LOANS AND MURABAHA

	30 June 2020		31 December 2019	
	Short term	Long term	Short term	Long term
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Capital Bank of Jordan – loans JD	4,286,501	11,057,000	4,643,929	12,184,162
Societe Generale Bank Jordan – loans JD	1,868,527	1,980,000	2,481,159	2,160,000
Arab Jordan Investment Bank loans- JD	4,242,057	6,750,861	5,201,315	7,772,944
Jordan Kuwait Bank loans- JD	5,578,656	11,648,880	5,578,656	13,043,545
Standard Chartered Bank loan- JD	7,000,000	-	7,000,000	-
Islamic International Arab Bank credit facilities – JD	932,621	-	621,064	622,088
Jordan Ahli Bank loans – JD	2,156,135	926,580	2,000,160	1,426,620
Bank of Jordan loans – JD	2,000,000	3,983,333	2,000,000	4,483,333
Housing Bank for Trade and Finance - JD	3,853,200	2,283,800	2,083,333	2,343,567
Bank Al Etihad loans – JD	2,977,000	5,275,000	2,748,000	5,962,000
Standard Chartered Bank loan-USD	50,942,719	-	37,675,220	-
Bank Al Etihad loans – JD	23,073,472	-	27,876,117	-
	<u>108,910,888</u>	<u>43,905,454</u>	<u>99,908,953</u>	<u>49,998,259</u>

These loans are guaranteed by a first class mortgage on the lands owned by Jordan Modern Oil and Fuel Services Company (a subsidiary), as well as the personal guarantee of the Chairman of the board of directors (note 3). The interest rates on loans in JOD ranges from 8.25%-9.25%, and on loans in USD 4%.

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

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

Year	JD
2020	97,876,786
2021	21,050,098
2022	16,312,640
2023 and after	17,576,818
	<u>152,816,342</u>

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

	1 January 2020 JD	Utilized JD	Repayments JD	30 June 2020 JD
Loan and murabaha	149,907,212	283,803,565	280,894,435	152,816,342
Due to banks	29,099,044	54,231,543	50,162,858	33,167,729

(8) EARNINGS (LOSSES) PER SHARE FOR SHAREHOLDERS

	30 June 2020 JD (Unaudited)	30 June 2019 JD (Unaudited)
(Loss) Profit for the period for shareholders	(15,669,945)	6,717,975
Weighted average number of shares (shares)	110,000,000	110,000,000
	(JD/ Fills)	(JD/ Fills)
Basic and diluted earnings per share from (loss) profit attributable to shareholders	(0/142)	0/061

(9) INCOME TAX

Movement on income tax is as follows:

	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Balance at the beginning of the period/ year	2,149,051	1,368,150
Income tax paid	(2,149,051)	(2,209,668)
Income tax national contribution charged for the period/ year	-	2,990,569
Balance at the end of the period/ year	-	2,149,051

AFAQ FOR ENERGY
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Income tax appearing in the statement of comprehensive income represents the following:

	30 June 2020	30 June 2019
	JD	JD
	(Unaudited)	(Unaudited)
Income tax and national contribution on profits for the period	-	2,990,569

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

Afaq For Energy:

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

Jordan Modern Oil and Fuel Services Company (subsidiary):

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2015. The company submitted its income tax declaration for the years from 2016 to 2019.

The branch in Aqaba Special Economic Zone reached a final settlement with Income and Sales Tax Department up to 2014, and submitted the income tax declaration for the years from 2015 to 2019. The Income and Sales Tax Department has not reviewed its records up to the date of these financial statements.

Jordan Modern Food Trading Company/ Lumi (subsidiary):

The company reached a final settlement with the Income Tax Department for the years from 2013 and 2016 and the company submitted its income tax declaration for the years from 2017 to 2019 and has not been reviewed by the Income Tax Department up to the date of these financial statements.

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

The company submitted its income tax declaration for the years 2012 to 2019 and has not been reviewed by the Income and Sales Tax Department up to the date of these financial statements.

Aqaba Bank Chemical Company (subsidiary):

The Company reached a final settlement with the Income and Sales Tax Department until the year 2017, and submitted its tax declaration for the years 2018 and 2019 and has not been reviewed by the Income and Sales Tax Department.

(10) EQUITY

Legal reserves

The Group has not apportioned statutory reserve according to the Jordanian Companies Law as these are interim financial statements.

Dividend

The general assembly approved in its meeting held on 2 June 2020, to distribute dividends to shareholders equivalent to 12% of the paid in capital against 2019 profits compared to dividends equivalent to 7,5% of paid in capital for 2018.

(11) CONTINGENT LIABILITIES

Bank Guarantees

The Group has contingent liabilities in the form of bank guarantees amounting to JD 4,474,186 as of 30 June 2020 (2019: JD 4,324,186).

Legal cases

There are legal cases raised against Jordan Modern Oil and Fuel Services Company (a subsidiary) in the normal course of business amounting to JD 409,711 as of 30 June 2020 (2019: JD 406,910). According to the Group's management and legal advisor, no material liability will arise as a result of these lawsuits.

Capital expenditures

The Group entered into different projects as at 30 June 2020. The expected remaining cost to complete these projects is JD 4,845,765 as at 30 June 2020 (31 December 2019: JD 6,664,967).

(12) SEGMENT INFORMATION

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

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

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

For the six month ended 30 June 2020

Revenue-

Revenues	-	291,356,329	832,627	3,243,365	5,621,331	301,053,652
Cost of revenues	-	(298,618,672)	(508,337)	(2,911,107)	(4,932,358)	(306,970,474)
Gross profit	-	(7,262,343)	324,290	332,258	688,973	(5,916,822)

Segments results-

(Loss) Profit before tax	(173,334)	(15,769,336)	(32,721)	271,430	19,292	(15,684,669)
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Other segments information-

General and administrative expenses	(173,334)	(2,396,488)	(326,079)	(60,828)	(882,999)	(3,839,728)
Expected credit losses	-	(926,240)	-	-	-	(926,240)
Finance cost	-	(5,376,112)	(30,217)	-	(419)	(5,406,748)
Gain from sale of property and equipment	-	191,847	(715)	-	-	191,132
Other income	-	-	-	-	213,737	213,737

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	Afaq	Oil and Fuel	ABCCO	Import and Export	Food Trading	Elimination	Total
	JD	JD	JD	JD	JD	JD	JD
For the six months ended 30 June 2019							(Unaudited)
Revenue-							
Sales	-	424,831,095	963,115	3,669,317	4,502,767	-	433,966,294
Cost of sales	-	(405,060,422)	(301,104)	(3,109,621)	(3,905,262)	-	(412,376,409)
Gross profit	-	19,770,673	662,011	559,696	597,505	-	21,589,885

Segments results-

Profit (loss) before tax

(180,456)	7,622,615	432,855	504,399	72,337	-	8,451,750
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Other segments information-

General and administrative expenses	(182,337)	(3,133,884)	(343,260)	(68,081)	(967,778)	-	(4,695,340)
Financing costs	-	(8,353,665)	(64,666)	(1,917)	(1,169)	-	(8,421,417)
Expected credit losses	-	(759,047)	-	-	-	-	(759,047)
Gain from disposal of property and equipment	-	11,452	-	-	-	-	11,452
Other income	1,881	87,086	178,770	14,701	443,779	-	726,217
		Oil and Fuel	ABCCO	Import and Export	Grocery Trading	Eliminations	Total
Afaq	JD	JD	JD	JD	JD	JD	JD

As of 30 June 2020

Assets and liabilities-

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Segment assets	136,190,271	432,228,610	9,280,913	9,526,766	4,366,990	(107,073,879)	484,519,671
Segment liabilities	14,833,744	351,536,846	5,313,143	2,129,953	2,988,177	(17,355,617)	359,446,246

As of 31 December 2019

Assets and liabilities

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

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

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

- 1) The prime ministry of Jordan passed the following legislative orders during the period to minimize the effect of the pandemic on companies, individuals and public health, these had directly or indirectly affected the Group's operations and performance.
 - Defense Order No.1 suspends certain provisions for Social Security Law No. 1 of 2014 and its amendments and the regulations applied by the Social Security Corporation. This including suspending the application of old-age insurance for the months of March, April and May of 2020 for those subject to the Jordanian Labor Law in the private sector.
 - Defense Order No.2 involves mandatory curfew to be imposed on people all over the country from Saturday 7:00 am, 21 March 2020 until further notice.
 - Defense Order No.6 determines the wages of workers in private sector and any other organization subject to the Jordanian Labor Law.
- 2) Other orders were issued by various governmental bodies to assist the continuity of different economic sectors and reduce the financial burden on them. Examples include the following:
 - The Central Bank of Jordan's order that compel all Jordanian banks to postpone loan installments due on companies and individuals without imposing any penalties or financial burdens on them.
 - The Central Bank of Jordan's order to lower interest rates on credit facilities.
 - The Central Bank of Jordan's order to lend credit facilities to the public and private sectors at low interest rates to finance their operations.
 - The Central Bank of Jordan's order to lower the costs on its sponsored lending programs to support the economic sectors.
 - The Central Bank of Jordan not to enlist clients who had bounced cheques on the blacklist or charge them with commission for the period from 18 March 2020 to 16 April 2020 and give them 3 months grace period of to settle their dues.

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

- The Governmental lockdown procedures during the period from 21 of March 2020 to 6 June 2020 resulted in decreasing the Companies sales by JD 130,437,362 equivalent to 32% compared to the same period of the previous year.
- The pandemic resulted in drop in the global oil prices, consequently the local prices were decreased between 12.9% to 16.2% on 1 April 2020, and between 9% to 15% on 1 May 2020 compared to the previous month. Accordingly, the Group incurred a valuation loss on fuel stock by JD 14,034,067 during the period from 21 March 2020 to 30 June 2020.
- The Central Bank's order not to enlist clients who had bounced cheques on the blacklist or charge them with commission for the period from 18 March 2020 to 16 April 2020, resulted in a decrease in the Group's collections during the period from 18 March 2020 till 16 April 2020 and increased the expected credit losses by JD 926,240.
- The Central Bank of Jordan order for Jordanian banks to postpone due loan instalments for the months of March, April and May Of 2020, resulted in deferring JD 5,552,387 of the Group's due loan installments until the end of the loans' maturity.
- The Ministry of Finance deferred JD 46 million that represent taxes due from the Group on the months of March, April and May by 6 months in order to reduce financial burden on the them.
- The Group did not apply Defense Order No. 6, which determine and reduce the wages for workers in the private sector for the months of April and May 2020, and it paid the full salaries to all employees.
- The Group obtained rents holiday to certain lands and warehouses during the lockdown period for the months of April and May 2020 amounting to JD 32,127.

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