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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2021

TABLE OF CONTENTS

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Independent Auditor's Report

AM / 000573

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

Report on Audit the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan Petroleum Refinery Company (The "Company") and its subsidiaries (The "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in owners' equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Matter

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

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

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

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

Key Audit Matter	Scope of the Audit to Address the Risk
Ministry of Finance Balance – The Relationship: As at December 31, 2021, the Company had an amount owing by the Ministry of Finance ("MOF") of JD 119 million related to refinery and gas activities. We have considered the above matter as Key Audit Matter due to the following: • We were unable to confirm the balance as at December 31, 2021. • The MOF has settled a portion of the financial relationship balance between the Company and the Government related to refinery and gas activities during 2021 amounted to around JD 105 million. • The volume of transactions which took place between the Group and the MOF. Refer to note (9-E) for more details relating to this matter.	We performed the following procedures in relation to this balance: • We obtained an understanding of the relationship between the Group and the MOF. • We identified the relevant controls over the recording of the balance with the MOF. • We assessed the design of these controls and determined if they had been implemented appropriately. • We obtained and reviewed all correspondences between both parties. • We read the board of directors and audit committee minutes of meeting to determine if there were any matters which needed to be taken into account when determining the balance with the MOF. • We inspected the correspondences and agreements between the Company and MOF which had the effect of confirming the total transactions which occurred during 2021. • We reconciled the remaining balance reported in the financial statements to the amount reported in the prior year. • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performers of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

The Company maintains proper accounting records which are in agreement with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Deloitte & Touche

Amman – Jordan
March 31, 2022

Deloitte & Touche (Middle East) – Jordan

Deloitte & Touche (M.E.)
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JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		December 31	
	Note	2021	2020
ASSETS		JD	JD
Current Assets:			
Cash on hand and at banks	8	21,424,529	14,034,372
Receivables and other debit balances	9	538,643,520	507,344,997
Crude oil, finished oil products and supplies	10	416,994,316	296,462,005
Total Current Assets		977,062,365	817,841,374
Non-Current Assets:			
Financial assets at fair value through other comprehensive income	11	2,630,051	2,257,261
Deferred tax assets	12	8,283,667	13,189,650
Investment property - net	13	2,757,580	815,738
Property, plants, equipment and projects under construction - net	14	180,857,352	182,832,939
Intangible assets - net	15	17,286,282	20,286,282
Right of use of assets - net	16	54,588,104	56,747,493
Total Non-Current Assets		266,403,036	276,129,363
TOTAL ASSETS		1,243,465,401	1,093,970,737
LIABILITIES			
Current Liabilities:			
Due to banks	17	550,829,986	579,875,098
Payables and other credit balances	18	335,516,521	205,747,574
Income tax provision	19	6,414,333	675,314
Lease Liability - current portion	16	4,969,591	4,594,836
Total Current Liabilities		897,730,431	790,892,822
Non-Current Liabilities:			
Due to death, compensation, and end-of-service indemnity fund	31	39,227,945	40,471,334
End-of-service indemnity provision		37,859	37,859
Lease liability - non-current portion	16	43,840,855	46,586,310
Total Non-Current Liabilities		83,106,659	87,095,503
TOTAL LIABILITIES		980,837,090	877,988,325
OWNERS' EQUITY			
Shareholders' equity:			
Authorized and paid-up capital (100,000,000 share at JD 1 per share)	20/A	100,000,000	100,000,000
Statutory reserve	20/B	48,457,173	45,834,122
Voluntary reserve	20/C	26,784,557	26,784,557
Financial assets at fair value reserve - net	21	2,250,327	1,877,537
Fourth expansion project reserve	20/D	4,630,868	7,609,176
Difference resulted from purchase of non-controlling interest		(326,472)	(86,472)
Retained earnings	22	72,227,582	24,825,896
Total Shareholders' Equity		254,024,035	206,844,816
Non - controlling interests	29	8,604,276	9,137,596
Total Owners' Equity		262,628,311	215,982,412
TOTAL LIABILITIES AND OWNERS' EQUITY		1,243,465,401	1,093,970,737
Contra Accounts			
Death, compensation, and end-of-service indemnity fund	31	47,928,932	49,106,668

Chairman of the Board of Directors

Chief Executive Officer

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

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the Year Ended December 31	
		2021	2020
		JD	JD
Net Sales	23	1,239,673,837	957,287,733
Less: Cost of sales	24	(1,108,571,486)	(921,059,887)
Gross profit from sales		131,102,351	36,227,846
Add: Operating income and others	25	10,427,569	11,778,102
Gross profit		141,529,920	48,005,948
Less: Selling and distribution expenses	26	(51,025,924)	(50,829,524)
General and administrative expenses	27	(10,651,968)	(13,065,964)
Bank interest and commissions		(20,938,950)	(22,457,727)
(Provision) released from lawsuits provision	18	(976,712)	113,842
(Provision) for expected credit losses	9/J	(2,503,175)	(4,829,995)
Released from slow-moving and obsolete inventory and sediments	10	406,590	9,553,951
(Provision) for storage fees	18/I	(943,845)	(3,064,510)
(Provision) released from employees' vacations	18	(94,309)	249,822
Released from work injuries compensation		-	3,234,886
Income from storage of strategic inventory		1,588,918	7,842,786
Interest income resulting from government's delay		13,962,715	13,214,896
Lease liabilities interest	16	(2,872,666)	(2,547,910)
Interest resulting from the acquisition of a subsidiary		-	(88,955)
Amortization of intangible assets	15	(3,000,000)	(3,000,000)
Profit (Loss) for the Year before Income Tax		64,480,594	(17,668,454)
(Expense) surplus of income tax for the year	19	(12,237,024)	3,390,115
Profit (Loss) for the Year		52,243,570	(14,278,339)
Attributable to :			
Company's shareholders	28	52,046,429	(14,326,451)
Non-controlling interests	29	197,141	48,112
		52,243,570	(14,278,339)
Profit (Loss) per share for the year to the Company shareholders - Basic & Diluted	28	-/520	(-/143)

Chairman of the Board of Directors

Chief Executive Officer

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JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2021	2020
	JD	JD
Profit (Loss) for the year	52,243,570	(14,278,339)
Items that can not be reclassified subsequently to the consolidated statement of Profit or Loss:		
Change in financial assets at fair value reserve - net	372,790	(37,378)
Total Comprehensive Income (Loss) for the Year	52,616,360	(14,315,717)
Total Consolidated Comprehensive Income (Loss) Attributable to:		
Company's shareholders	52,419,219	(14,363,829)
Non -controlling interests	197,141	48,112
	52,616,360	(14,315,717)

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JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Paid-up Capital	Statutory Reserve	Voluntary Reserve	Financial Assets at Fair Value Reserve - net	Fourth Expansion Project Reserve	Difference resulting from Purchasing Non-controlling Interests	Retained Earnings *	Total Shareholders' Equity	Non-Controlling Interests	Total Owners' Equity
For the year 2021	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	100,000,000	45,834,122	26,784,557	1,877,537	7,609,176	(86,472)	24,825,896	206,844,816	9,137,596	215,982,412
Total Comprehensive Income for the year	-	-	-	372,790	-	-	52,046,429	52,419,219	197,141	52,616,360
Deducted for reserves	-	2,623,051	-	-	-	-	(2,623,051)	-	-	-
Transfer from fourth expansion reserve to retained earnings	-	-	-	-	(2,978,308)	-	2,978,308	-	-	-
Dividends paid to shareholders**	-	-	-	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Change in non - controlling interests	-	-	-	-	-	(240,000)	-	(240,000)	(730,461)	(970,461)
Balance at the End of the Year	100,000,000	48,457,173	26,784,557	2,250,327	4,630,868	(326,472)	72,227,582	254,024,035	8,604,276	262,628,311
For the year 2020										
Balance at the beginning of the year	100,000,000	45,834,122	17,261,761	1,914,915	-	(86,472)	73,284,319	238,208,645	8,690,469	246,899,114
Total Comprehensive loss for the year	-	-	-	(37,378)	-	-	(14,326,451)	(14,363,829)	48,112	(14,315,717)
Deducted for reserves	-	-	10,428,215	-	10,428,215	-	(20,856,430)	-	-	-
Transfer from voluntary reserve to fourth expansion reserve	-	-	(905,419)	-	905,419	-	-	-	-	-
Transfer from fourth expansion reserve to retained earnings	-	-	-	-	(3,724,458)	-	3,724,458	-	-	-
Dividends paid to shareholders **	-	-	-	-	-	-	(17,000,000)	(17,000,000)	-	(17,000,000)
Change in non - controlling interests	-	-	-	-	-	-	-	-	399,015	399,015
Balance at the End of the Year	100,000,000	45,834,122	26,784,557	1,877,537	7,609,176	(86,472)	24,825,896	206,844,816	9,137,596	215,982,412

* Profits for the year and retained earnings include an amount of JD 8,283,667 as of December 31, 2021, which represents the value of deferred tax assets that are restricted according to the instructions of the Securities Commission.

** The General Assembly decided in its regular meeting held on April 28, 2021 to distribute cash dividends from the balance of retained earnings at a rate of 5% of the paid-up capital, which is equivalent to JD 5 million (compared to JD 17 million for the profits of the year 2019).

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended Ended December 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit (loss) for the year before tax		64,480,594	(17,668,454)
Adjustments for:			
Depreciation of property and equipment and investment property	13 & 14	12,055,668	12,320,726
Depreciation of right-of-use assets - subsidiary company	16	3,502,101	3,726,975
Amortization of intangible assets	15	3,000,000	3,000,000
Provision (released from) of employee's vacations - net	18	94,309	(249,822)
Provision of (released from) lawsuits provision	18	976,712	(113,842)
Interest resulting from acquisition of a subsidiary		-	88,955
Leased liability interest	16	2,872,666	2,547,910
(Released from) provision for work injuries compensation		-	(3,234,886)
(Released from) provision for slow-moving and obsolete and sediments inventory	10	(406,590)	(9,553,951)
Provision for storage fees	18/h	943,845	3,064,510
Interest income resulting from Government's delay		(13,962,715)	(13,214,896)
Income from storage of strategic inventory		(1,588,918)	(7,842,786)
Provision for expected credit losses	9/J	2,503,175	4,829,995
Net cash flows from (used in) operating activities before changes in working capital items		74,470,847	(22,299,566)
(Increase) decrease in receivables and other debit balances		(19,838,983)	104,366,430
(Increase) decrease in crude oil, finished oil products and supplies		(120,125,721)	110,542,335
(Decrease) in due to death, compensation, and end-of-service indemnity fund		(1,243,389)	(989,774)
Increase (decrease) in payables and other credit balances		138,236,383	(243,716,215)
Net Cash Flows from (used in) Operating Activities before Tax and Provisions Paid		71,499,137	(52,096,790)
Income tax paid	19	(1,592,022)	(7,645,492)
Paid from provision for storage fees	18/h	(8,814,012)	(5,000,000)
Paid from provision for slow-moving and obsolete and sediments inventory	10	-	(491,186)
Net Cash Flows from (used in) Operating Activities		61,093,103	(65,233,468)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in property, plant, equipment and projects under construction - net		(12,021,923)	(17,531,318)
Paid from commitments resulted from acquisition of a subsidiary		-	(9,506,617)
Net Cash flows (used in) Investment Activities		(12,021,923)	(27,037,935)
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) increase in due to banks		(29,045,112)	107,833,098
Dividends distributed to shareholders		(5,000,000)	(17,000,000)
Paid from lease liability	16	(7,635,911)	(6,384,258)
Net Cash Flows from (used in) Financing Activities		(41,681,023)	84,448,840
Net Increase (Decrease) in Cash		7,390,157	(7,822,563)
Cash on hand and at banks - beginning of the year		14,034,372	21,856,935
Cash on Hand and at Banks - End of the Year	8	21,424,529	14,034,372
Non-cash transactions			
Offsetting agreements	9	15,964,354	209,045,757
Transfers from right-of-use assets to investment properties	13	519,994	-
Transfers from property and equipment to investment properties	14	1,454,470	-
Transfers from projects under construction to property and equipment	14	2,383,312	2,650,548

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

1. General

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

The Company owns in addition to the main units of refining, segregating, and converting the imported crude oil components to a set of finished oil derivatives, a factory for producing and filling lube-oils, in addition to Jordan Petroleum Products Marketing Company (a subsidiary) which is wholly owned, also the Company owns three liquefied gas-filling stations. Moreover, the process of repairing gas cylinders is conducted in a special workshop to reduce the cost of writing off the cylinders. Meanwhile, the accompanying consolidated financial statements include the operations of the main refining units, factories, as well as directly and indirectly owned subsidiaries.

In addition to refining, producing, manufacturing, and importing oil derivatives, the Company transports and distributes these oil derivatives to some consumers who receive these supplies directly from the Company. The Company also produces, mixes, fills, and markets lube-oil products; and it produces, fills, and distributes liquid gas and fixes, maintains, and imports the empty gas cylinders. Moreover, Jordan Petroleum Products Marketing Company (a subsidiary) imports, distributes, supplies, and sells finished oil derivatives to its stations, other stations, and other parties, in addition to the maintenance operations for these stations.

According to the settlement agreement with the Jordanian Government, dated February 25, 2008, concerning the termination of the concession, the Company has to segregate some of its activities through establishing new companies that are wholly or partially owned by it after the expiry date of the concession agreement on March 2, 2008. During the year 2008, the Company established two subsidiaries wholly owned by it, namely: Jordan Liquefied Petroleum Gas Manufacturing and Filling Company and Jordan Lube Oil Manufacturing Company, in order to separate the gas filling and Lube Oil production activities. However, none of these Companies have conducted any commercial activities yet, and since the company has obtained the necessary licenses to practice these activities during February 2022, the company is currently in the process of activating the Jordan Lube Oil Manufacturing Company and adding the entire lube oil activity and factory to it. As for the Jordan Liquefied Petroleum Gas Manufacturing and Filling Company, the company is still negotiating with the government on the amount of commission for this activity, which reflects a rate of return on investment of 12% annually in accordance with Council of Ministers Decision No. (7633) adopted in its meeting held on April 30, 2018. During 2013, the Company established Jordan Petroleum Products Marketing Company (JPPMC), which is fully owned by Jordan Petroleum Refinery Company.

The Company's consolidated financial statements were approved by the Board of Directors, in its meeting held on March 30, 2022 and are subject to the General Assembly of Shareholders' approval.

2. The Concession Agreement

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

b. The Company calculated the profit for the period ended April 30, 2018, and for the years 2011 until the end of the year 2017, 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, which included the following:

1. Through the oil derivatives pricing mechanism, annual net profit of JD 15 million after tax shall be achieved for the Jordan Petroleum Refinery Company while keeping the changes in the Company’s expenses within the normal rates. Otherwise, the Government should be consulted concerning any deviations therefrom.

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

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

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

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

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

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

8. All the above points apply on the year 2011, until the end of the transitional period of 5 years, starting from the operations commencement date of the marketing companies on September 1, 2012, noting that marketing and selling petroleum products companies started its operations on May 1, 2013. The financial relationship between the Company and Government has been terminated, beside the above decision was stopped from May 1, 2018, pursuant to the Council of Ministers' Decision No. (7633) adopted in its meeting held on April 30, 2018.

The calculated profit difference was recorded according to this method when calculating the profits according to the commercial basis in the Ministry of Finance's account (The Relationship) for the period ended April 30, 2018, and for the years from 2011 until the end of the year 2017, under the item of profit settlement with the Government. Noting that the results of the liquefied gas business activities were not excluded from the profits mentioned in item No.(5) above, despite the fact that the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018, has set the commission for filling gas cylinders for the period from May 1, 2018 to December 31, 2018 at JD 43 per gas ton sold, and the filling liquefied gas rate of return on investment was set for calculating the commission purposes with a rate of 12% per annum. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated, when calculating the filling stations' commission amount, in the subsequent period either upward or downward. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector Regulatory Authority and the Ministry of Energy and Mineral Resources with all the information and data related to the gas activity for determining the commission amount for the years 2019 and 2020, the Ministry of Energy & Mineral Resources has assigned an auditor and external studies company to determine the commission amount for the years 2019 and 2020. Accordingly, the company provided the entities which was appointed by the Ministry of Energy and Mineral Resources to collect the required data. At the same time, these entities has provided the Ministry of Energy and Mineral Resources with it's final report, and no decision has been reached by the government regarding the final commission that reflects a 12% rate of return on investment according to the above-mentioned Council of Ministers' Decision No. (7633). As a result, the company is still negotiating with the government to reach an agreement on the final commission amount and based on that a new study has been appointed by the Ministry of Energy and Mineral Resources to determine the final commission amount, noting that this company has finished its work and provided the final reports to the Ministry of Energy and Mineral Resources. Accordingly, the Ministry informed the company of the value of the commission that has been set, and the company objected to this value. Meetings are currently being held with the Ministry of Energy and Mineral Resources, representatives of the Ministry of Finance, the Energy Regulatory Authority and the Foreign Studies Company to reach a fair commission value, which reflects a rate of return on investment for this activity of 12% annually.

3. End of the Relationship with the Government

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

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

   As a result of the Government's failure to comply with the above decision, and based on the agreement between the Company and the Government, the Council of Ministers' Decision No. (6399) was adopted at its meeting held on September 9, 2019. This decision stipulated that the Company shall borrow an amount equivalent to around JD 457 million from banks to pay part of the debt balances due to the Company from the Government until December 31, 2018. In return, the Ministry of Finance shall pledges to pay the loans and interest thereon to the assigned banks. Consequently, during the first half of October 2019, the Company withdrew an amount of JD 455,505,000 from the banks assigned by the Ministry of Finance. Accordingly, the Ministry of Finance issued pledges to these banks that it shall pay the loans installments and interest thereon to the assigned banks. As a result, the Company reduced the withdrawn amount from banks of JD 455,505,000 from receivables due from security agencies, ministries, government agencies, and departments, and part of the Ministry of Finance's debt under the signed agreement between the Company and the government on June 16, 2020, represented by the Minister of Finance , after the Council of Ministers' approval and authorization to the Minister of Finance to sign it on behalf of the Jordanian Government, in accordance with Council of Ministers' Resolution No. (9158), at its meeting held on March 24, 2020.

   Moreover, the Ministry of Finance has committed to pay all the bank loans and interests amounts, as these amounts were encumbered within the General Budget Law for the year 2020, under the item of loans' installments to address government arrears, according to the Ministry of Finance's Letter No. (18/4/9200) dated May 14, 2020. Noting that, the Jordanian government has paid all of the loans and interest due to the assigned banks on their due dates.

The Council of Ministries issued Decision No. (5011) adopted in its session held on December 19, 2021, which included that the Jordan Petroleum Refinery Company borrows an amount of JD 105,000,000 , equivalent in US dollars, from the banks assigned by the Ministry of Finance in return for issuing Pledges to these banks by the Ministry Of Finance on behalf of the government to pay the value of the installments and interests owed on them and to guarantee the provisions that the government has allocated for this purpose in the general budget for 2022 and authorizing the Minister of Finance to sign the pledges issued to banks and authorizing him to sign an agreement to organize the payment of debts owed by the government, accordingly the Company withdrew an amount of JD 105,000,000, in the equivalent in US dollars, on December 31, 2021 from the banks assigned by the Ministry of Finance, and this amount was reduced from the receivables owed by the security authorities under the loan payment agreement signed by the company's delegates and the Minister of Finance.

In the opinion of the company's management and the company's legal advisors, the company does not have any obligations regarding the above loans and pledges (Note 9/e).

2. Jordan Petroleum Refinery Company shall treat the sediments and water in the tanks, and it shall dispose of those idle materials and spare parts that are no longer needed. Moreover, the obsolete inventory shall be valued on April 30, 2018; the cost of the sediments and water, as well as the disposal costs thereof, shall be calculated; and the surplus shall be transferred to the Ministry of Finance. As a result of the agreement between the Company and the Government, the Ministry of Finance issued Letter No. (4/18/28669), dated August 29, 2019, which included its approval for the Company to clean its tanks from sediments and water as the Government bears this cost , and the company must write off the materials, spare parts and supplies no longer needed, and transfer the surplus balance of the slow-moving and obsolete inventory and sediments provision to the Ministry of Finance. Accordingly, the Company tendered the treatment of sediments and water, whereby the Company which was awarded the tender cleaned the major part of the sediments, and it is in process of treating the remaining part, they stopped working due to covid-19 virus pandemic and they will continue the cleaning work for the rest company’s tanks from sediments in the light of covid-19 conditions, Moreover, a specialized committee was appointed to study the stock of spare parts and other supplies and to determine the materials and supplies that could be used instead of buying similar materials, as well as the materials and supplies no longer needed in order to write them off, and this matter is still under process (Note 10).

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

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

5. Jordan Petroleum Refinery Company's tax status shall be rectified, as the tax has been included in the oil derivatives selling prices bulletin (IPP) after the refinery gate price item. In this respect, the refinery gate price item does not include general and special taxes. Instead, taxes are included after this item and it will be collected from the marketing companies and transferring it to the State Treasury. The Income and Sales Tax Department letter No. (20/4/347) dated February 16, 2021 received and included that the collection of general and special taxes on Jordan Petroleum Refinery's sales to the three marketing companies will happen only through the Jordan petroleum company and that the refinery company is not obligated to pay taxes on its sales to the marketing companies and is obligated only to Pay the tax on its sales to other customers (Note 9/f) / (Note 18/b).

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

7. Gasoline (95) used for the mixing process to produce gasoline (90) and (95) shall be exempted from the tax differences between import and sale in accordance with the Council of Ministries' Decision No. (6953), adopted in its meeting held on March 19, 2018. Moreover, the necessary procedures shall be facilitated concerning the implementation of the Council of Ministers' Decision No. (13363), adopted in its meeting held on January 3, 2016, related to exempting the Company's imports sold to the marketing companies inside the kingdom. The decision stipulates exempting Jordan Petroleum Refinery Company from general and special taxes on the quantities sold exclusively to the marketing companies inside the Kingdom as of May 1, 2013. The decision also prescribes resolving all pending issues with the Customs Department and completing all customs statements, whether pending at the Customs Department or the Jordan Standards and Metrology Organization before the relationship with the Government expired. Moreover, a committee was formed by the Ministry of Finance and the Ministry of Energy and Mineral Resources comprising representatives from the Jordan Customs Department, the Income and Sales Tax Department, and the Jordan Petroleum Refinery Company. During October 2019, the said committee completed its work and submitted its final report to the Ministry of Finance and the Ministry of Energy and Mineral Resources. Accordingly, the Ministry of Finance and the Ministry of Energy and Mineral Resources approved the quantities stated in the committee's report, and the Customs Department prepared the customs statements and exempted the customs statements according to the above decisions. Meanwhile, the customs statements amount subject to general and special tax were determined. Moreover, the Company submitted a request to the Ministry of Finance to offset the general and special sales taxes, included in the un-exempted customs statements that are not part of the above-mentioned decision, with part of the Ministry of Finance receivables (primary account). The General Customs Department approved the offset request dated March 16, 2020. Moreover, the Offsetting Committee agreed, based on the instructions, policies, procedures, and basis for performing offset No. (1) for the year 2017, on performing the offset between the amounts due to the Jordan Petroleum Refinery Company and those of the General Customs Department. The offset, dated on July 6, 2020, represents the general and special sales taxes of JD (58,042,756) on Jordan Petroleum Refinery Company's imports. In the meantime, the above-mentioned offsetting was performed, and all pending customs statements at the Customs Department have been completed. (Note 9/f) / (Note 18/b).

8. The Government's strategic inventory, which has been quantified and valued, shall be transferred to the Jordan Oil Terminals Company (JOTC). Accordingly, the Jordan Petroleum Refinery Company began transferring the quantities of the strategic inventory to the Jordan Oil Terminals Company (JOTC) starting April 2018, and the company transferred the entire remaining quantities during the 2021 to the Jordan Oil Terminals Company (JOTC) according to the quantities that It was requested by the Jordan Oil Terminals Company (JOTC) and the Ministry of Energy and Mineral Resources. In addition, the company transferred the government's aircraft fuel material to the Royal Air Force during July 2020, and it transferred the government's asphalt to the Ministry of Public Works during 2020 upon the request of the Ministry of Energy and Mineral Resources. Moreover during February 2021 the company exported fuel oil 3.5% owned by the government at the request of the Ministry of Energy and Mineral Resources, The company also received a letter from the Ministry of Finance and the Ministry of Energy and Mineral Resources includes the sale of government-owned crude oil to the company as of the beginning of March 2021 on the basis of crude oil prices issued by Aramco for March 2021, and the company purchased these quantities during March 2021, in implementation of the Council of Minister's Decision No. (1150) taken in its meeting held on February 3, 2021.In addition, the remaining amount of the strategic inventory of kerosene owned by the government was exchanged for diesel, according to the Council of Minister's Decision No. (3273) taken in its meeting held on August 11, 2021. Accordingly, the government has no quantities of the strategic inventory as deposits with the company, bearing in mind that the approval of the Ministry of Finance was received to finally settle the value and quantity of the inventory in accordance with the letter of the Ministry of Finance No. (4/18/28669) dated August 29, 2019 (Note 33).

9. The Ministry of Finance shall retain the doubtful debts provision (provision for expected credit losses). In case any debt that was raised during the relationship with the Government is written off, the Ministry of Finance is committed to pay the debt to Jordan Petroleum Refinery Company. As a result of the agreement between the Ministry of Finance and the Company, the Ministry of Finance agreed that the Company shall retain the balance of the provision for doubtful debts (provision for expected credit losses). In case the Company recovers any receivable amount recorded within the provision, the recovered amount shall be recorded in favor of the Ministry of Finance's account, Under the approval of the Ministry of Finance in its letter No. (4/18/28669), dated August 29, 2019 (Note 9/j).

10. The rate of return on investment shall be determined for liquid petroleum gas filling stations for the purpose of calculating the commission at (12%). Moreover, the commission amount for the period from May 1, 2018 to December 31, 2018 shall be set at JD 43 per ton. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated when calculating the filling stations' commission amount in the subsequent period whether it increased or decreased. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector Regulatory Authority and the Ministry of Energy and Mineral Resources with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020 which reflect the rate of return on investment for this operational line by 12% annually. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020. At the same time, the Company has provided the entities appointed by the said ministry with all the required data, and these entities provided the ministry of energy and mineral resources with their final report, but no decision has been reached by the government regarding the final commission amount that covers the rate of return on investment by 12% annually according to the above-mentioned Council of Ministers' Decision No. (7633). As a result, the company is still negotiating with the government to reach an agreement on the final commission amount and based on that a new studies the company has been appointed by the Ministry of Energy and Mineral Resources to determine the final commission amount, noting that this company has finished its work and provided the final reports to the Ministry of Energy and Mineral Resources , Accordingly, the Ministry informed the company of the value of the commission that it set, and the company objected to this value. Meetings are currently being held with the Ministry of Energy and Mineral Resources, representatives of the Ministry of Finance, the Energy Regulatory Authority and the Foreign Studies Company to reach a fair commission value, which reflects a rate of return on investment for this activity of 12% annually.

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

    - In implementation of the Council of Ministers' Decision No. (11110), taken in its meeting held on August 16, 2015, and the decision of the Company's General Assembly, taken in its meeting held on November 8, 2012, the land swap between Aqaba Special Economic Zone Authority (ASEZA) and the Jordan Petroleum Refinery Company took place during September 2019. In the swap, the authority ceded (6) plots of land of an area of four hundred forty-two thousand square meters (442,000 M^2) to Jordan Petroleum Refinery Company. In return, the Company ceded its own plot of land no. (23), Parcel (13), Tract (13) of an area of approximately eighty-eight thousand square meters (88,000 M^2), located within the southern port tract, to Aqaba Special Economic Zone Authority (ASEZA).

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

A. The Company recorded the delay interest on the financial relationship between the Company and the Government that accrued and unpaid balances at the effective borrowing rate starting from May 1, 2018, according to the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018.

B. The Company has recorded fees for storing the Government-owned strategic inventory at an amount of JD 3.5 per cubic meter according to the storage capacities for each material effective May 1, 2018 based on the Ministry of Finance approval Letter No. (18/4/33072), dated November 25, 2018 , noting that all of the strategic inventory quantities owned by the government were transferred during 2021.

C. Profit settlement item with the Government calculation has been discontinued, and the related balance has been recognized in the consolidated statement of profit or loss up to April 30, 2018, according to the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018. The decision terminated the relationship between the Company and the Jordanian Government, and consequently, the Company resumed its operations on commercial basis as from the first of May 2018 (Note 3).

D. The Company recorded an amount of JD 7,258,152 during the period ended December 30, 2021 as revenue instead of the commission difference of filling the cylinders according to the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018. This decision has set the commission amount for the period from May to December 2018 at JD 43 per ton sold. Accordingly, the Company recorded an amount of JD 18 per ton sold, representing the commission difference included in the (IPP), and pursuant to the above mentioned decision in consistency with the year 2018. Meanwhile, the Government has not amended the oil derivatives price bulletin (IPP) up to date, and the final commission for the years 2019, 2020 and 2021 has not been determined yet which reflects return on investment average by 12% annually. Noting that, after the final commission value has been agreed, its financial impact will be reflected during the subsequent periods.

5. Significant Accounting Policies

Basis of Preparation of the Consolidated Financial Statements

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations.

- The consolidated financial statements are stated in Jordanian Dinar.

- The consolidated financial statements have been prepared in accordance with the historical cost principle except for financial assets and financial liabilities, which are stated at fair value at the date of the consolidated financial statements.

- The accounting policies adopted for the preparation of the consolidated financial statements for the current year are consistent with those applied in the year ended December 31, 2020, except for the effect of the adoption of the new and amended standards mentioned in Note (6-B).

- The following are the most significant accounting policies:

a. <u>Basis of Consolidation of the Financial Statements</u>

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

  Control is achieved when the Company:

  - Has the ability to control the investee company.

  - Is exposed to variable returns or has the right to variable returns resulting from its association with the investee company.

  - Has the ability to use its authority to influence the investee's returns.

- The Company re-evaluates its control over the investee Company if the facts and circumstances indicate changes to the above control elements.

- The subsidiaries' financial statements are prepared for the same financial year of the parent company, using the same accounting policies as those of the parent company. If the subsidiaries adopt accounting policies different from those of the parent company, the necessary adjustments are made to the subsidiaries' financial statements to conform to the accounting policies of the parent Company.

- The subsidiaries' results of operations are consolidated in the consolidated statement of profit or loss from the date of their acquisition, which is the date on which effective control over the subsidiary takes place. The results of the disposed-of subsidiaries are consolidated in the consolidated statement of profit or loss up to the disposal date, which is the date on which the Company loses control over the subsidiaries.

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

  - The size of the Company's holding of voting rights relative to the size and distribution of other voting rights.

  - Potential voting rights held by the Company and any other voting rights or third parties.

  - Rights arising from other contractual arrangements.

  - Any additional facts and circumstances indicating that the Company has or does not have an existing responsibility for directing the relevant activities at the time of making the required resolutions, including how to vote at previous General Assembly meetings.

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

- Derecognizes the subsidiary's assets (including goodwill) and liabilities.
- Derecognizes the book value of any non-controlling interest.
- Derecognizes the cumulative transfer differences recognized in owners' equity.
- Derecognizes the fair value of the consideration received.
- Derecognizes the fair value of any investment held.
- Derecognizes any surplus or deficit in the consolidated statement of profit or loss.
- Reclassifies the Company's owners' equity previously recognized in the consolidated statement of comprehensive income to the consolidated statement of profit or loss or retained earnings, as appropriate.

As of December 31, 2021, the Company owns the following subsidiaries, either directly or indirectly:

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

* The capital of the Jordan Lube Oils Manufacturing Company was raised to JD 6 million according to the company's board of directors decision No. 97-1/2021 taken in its meeting held on December 30, 2021, in preparation for activating this company and attaching the entire activity and oil factory to it after obtaining the necessary licenses. In addition, the payment of the capital of the Jordan Lube Oil Manufactur Company was completed on March 21, 2022, so that the authorized and paid-up capital of the company became JD 6 million.

- Jordan Petroleum Products Marketing Company (JPPMC) was established on February 12, 2013 and has total assets of its own and of its consolidated subsidiaries of JD 363,925,962 while its total liabilities and those of its Consolidated subsidiaries amounted to JD 258,433,439 as of December 31, 2021. The Company's consolidated profit amounted to JD 24,371,208 which includes non-controlling interest profit of JD 197,141 as of December 31, 2021. Moreover, the company has started operating gradually since May 1, 2013, and part of Jordan Petroleum Refinery Company's distribution activity assets have been transferred at their net book value to JPPMC (a subsidiary). The said transfer was mandatory due to transferring the distribution activity to JPPMC. In addition, some employees of the Jordan Petroleum Refinery Company have been assigned to work for JPPMC, which shall bear their employment costs. In the meantime, the task of providing consumers with oil derivatives has been transferred to JPPMC, except for asphalt, fuel oil, and gas clients, and some oil clients of the security authorities. All the required legal procedures to finalize the assets ownership transfer to the Company were completed.

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

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

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

Financial Assets at Fair Value Through Consolidated Statement of Comprehensive Income
These financial assets represent investments in equity instruments for the purpose of retaining them over the long term.

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

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

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

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

- Comparison with the present market value of a very similar financial instrument.

- Analysis of future cash flows and expected discounted cash flows at a rate used for a similar financial instrument.

- Adoption of options pricing models.

- The long-term non-interest bearing assets and liabilities are evaluated according to discounted cash flows at the effective interest rate. Moreover, the discounted interest is recorded within received interest income in the consolidated statement of profit or loss.

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

Financial Instruments

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

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

Financial Assets

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

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

Classification of Financial Assets

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

- The asset is acquired in a business model intended to hold assets to collect contractual cash flows.

- The contractual terms of the instrument on specific dates will result in cash flows that are only payments of principal and interest on the principal of the outstanding amount.

All other financial assets are measured at fair value.

Amortized Cost and Effective Interest Method

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

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

Foreign Exchange Currencies Gain and Losses

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

Impairment of Financial Assets

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

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

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

Provision for Expected Credit Losses

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

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

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

Write-off of Financial Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

Property and Equipment:

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

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

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

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

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

Intangible Assets

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

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

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

- Goodwill:
  - Goodwill is recognized at cost, which represents the excess amount paid to acquire or purchase cash-generating units owned by other companies over the Company's share in the net fair value of these units' assets and liabilities at the acquisition date.

  - Goodwill is recognized as an intangible asset in a separate item, and subsequently, reduced by any impairment losses.

  - Goodwill is distributed over the cash-generating unit(s) for the purpose of testing the impairment in its value.

- In case the cash-generating units are sold, goodwill value is considered upon determining the amount of profit or loss resulting from the selling transaction.

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

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

Investment Property

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

Taxes

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

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

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

Revenue Recognition

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

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

Interest Income and Expenses

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

Provisions

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

Lease Contracts

The Company as a lessee

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

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

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

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

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

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

Lease liabilities are re-measured (and a corresponding adjustment to the related right-of-use asset is made) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of an exercise of a purchase option, in which case, the lease liability is re-measured by discounting the revised lease payments, using a revised discount rate.

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

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

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

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

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

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

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

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

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

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

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's outstanding net investment in respect of the leases contracts.

When a contract includes both lease and non-lease components, the Company applies IFRS No. (15) to distribute the amounts received or receivable according to the contract of each component.

6. Adoption of new and revised Standards

A. New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2021, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Interest Rate Benchmark Reform

In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk-free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

There was no material impact on the amounts and disclosures contained in the financial statements for any of the first and second stage adjustments, as the company's financial instruments are not linked to the borrowing interest rate between banks (IBOR).

COVID-19-Related Rent Concessions beyond June 30, 2021 - Amendment to IFRS 16

In the prior year, the Group early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021.

In March 2021, the Board issued *Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)* that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease

Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements as the Group did not have any leases impacted by the amendment.

B. Standards issued but not effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective date
IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17) IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	**The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.**

New and revised IFRSs	Effective date
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.	**The effective date is yet to be set. Earlier application is permitted.**
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	**The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.**
Amendments to IFRS 3 – Reference to the Conceptual Framework The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.	**The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references.**

New and revised IFRSs	Effective date
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.	**January 1, 2022, with early application permitted.**
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.	**January 1, 2022, with early application permitted.**
IFRS 1 First-time Adoption of International Financial Reporting Standards The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).	**January 1, 2022, with early application permitted.**

New and revised IFRSs	Effective date
IFRS 9 Financial Instruments The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.	**The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.**
IFRS 16 Leases The amendment removes the illustration of the reimbursement of leasehold improvements.	**As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.**
IAS 41 Agriculture The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.	**January 1, 2022, with early application permitted.**
Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	**January 1, 2023, with earlier application permitted and are applied prospectively.** **The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.**

New and revised IFRSs	Effective date
Amendments to IAS 8 - Definition of Accounting Estimates The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications: • A change in accounting estimate that results from new information or new developments is not the correction of an error • The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.	**January 1, 2023, with earlier application permitted**
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises: • A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: - Right-of-use assets and lease liabilities - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset • The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.	**January 1, 2023, with earlier application permitted**

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

7. <u>Significant Accounting Policies and Main Sources of Uncertain Estimates</u>

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

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

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

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

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

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

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

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

- The fiscal year is charged with the income tax expense in accordance with the International Financial Reporting Standards, regulations, and laws. The management also estimates the deferred tax assets for the temporary differences between the accounting profit and the tax profit according to the management's expectations in terms of benefiting from them in the near future.

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

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

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

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

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

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

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

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

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

Management believes that the estimates in the Consolidated financial statements for the year are reasonable and similar to the estimates adopted in preparing the consolidated financial statements for 2020, except for the changes that occurred in 2020 resulting from the Covid-19 pandemic, which had a negative impact on the company's results for the year ended December 31, 2020.

8. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Cash on hand	4,208,231	2,173,084
Current accounts at banks	17,216,298	11,861,288
	21,424,529	14,034,372

9. Receivables and Other Debit Balances

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Security authorities, governmental departments and institutions, and the Electricity Companies (a)	116,315,168	209,086,739
Fuel clients and others (b)	52,776,801	55,774,270
Alia Company - Royal Jordanian Airlines (c)	3,273,849	8,839,676
Checks under collection (d)	31,362,493	28,231,647
Total receivables	**203,728,311**	**301,932,332**
Ministry of Finance – the relationship (e)	200,097,159	72,712,083
General sales tax deposits (f)	128,128,815	124,510,001
Other debit balances (g)	4,391,160	3,919,728
Employees receivable	1,851,333	1,784,658
Letters of credit deposits and purchase orders – Subsidiary Company	1,000,076	766,121
Prepaid expenses (h)	16,682,548	17,229,705
Contract acquisition expenses – Subsidiary Company (i)	5,969,753	6,302,786
	561,849,155	529,157,414
Less: Expected credit losses provision (j)	(23,205,635)	(21,812,417)
	538,643,520	**507,344,997**

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

	December 31,	
	2021	2020
	JD	JD
1 day – 119 days	84,901,361	81,740,961
120 days – 179 days	2,811,009	14,801,750
180 days – 365 days	12,461,519	43,828,868
More than a year *	103,554,422	161,560,753
Total	203,728,311	301,932,332

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

* This item includes receivables of JD 83,628,624 due from Governmental agencies or guaranteed by the Government whose maturity exceeded one year. The Company's management believes that it has the ability to collect these receivables, and there is no need to record any provisions against them. The receivables include amounts due from partners in subsidiaries of JD 5,507,316, which are past due for over one year. The Company's Management believes that there is no need to record any additional provisions against these receivables. Moreover, agreements have been signed with these partners for them to repay these receivables against real estate mortgages along with the transfer of profits resulting from the subsidiaries' operations to the Company.

a. This item includes receivables for fuel withdrawals by the ministries, governmental departments and entities, security agencies, the National Electricity Company, and power-generating companies of JD 87,849,430 related to the refining and gas activities, JD 8,472,139 for the oil activity, and JD 19,993,599 for the Jordan Petroleum Products Marketing Company as of December 31, 2021.

- This item includes receivables of the electricity and power-generating companies against fuel withdrawals of JD 72,217,573 as of December 31, 2021 (JD 72,185,201 as of December 31, 2020).

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

- The company committed to reducing the debt of the security authorities by an amount of JD 105,000,000 during the year 2021, according to an agreement for the company to borrow from the banks assigned by the Ministry of Finance by an amount of JD 105,000,000 on behalf of the government to pay part of the debt owed by the government in return for the Ministry of Finance issuing pledges to the banks to pay the amount of the installments and interest payable thereon, in implementation of the Council of Minister's Decision No. (5011) taken in its meeting held on December 19, 2021.

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

- Upon the offsetting request by Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, to offset the Ministry of Education's debts with part of the special tax accrued on the company with an amount of JD 1,638,914 the offsetting committee approved the request and was processed during September 2020.

- Upon the offsetting request by Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Armed Forces – Arab Army debts with an amount of JD 5,574,712 with part of the special tax accrued on the Company, the offsetting committee approved the request and was processed during January 2021.

- Upon the offsetting request by Jordan Petroleum Products Marketing Company to the Ministry of Finance to offset the accrued Royal Medical Services debt with an amount of JD 1,271,118 with part of the special tax accrued on the Company, the offsetting committee approved the request and processed during March 2021.

- Upon on the offsetting request by Jordan petroleum Products Marketing Company to the Ministry of Finance to offset the accrued on Jordanian Armed Forces – Arab Army in an amount of JD 3,622,469 with part of the Company's accrued taxes, the offsetting committee approved the request and processed during August 2021.

- Upon on the offsetting request by Jordan petroleum Products Marketing Company to the Ministry of Finance to offset the accrued on Jordanian Armed Forces – Arab Army in an amount of JD 5,496,055 with part of the Company's accrued taxes, the offsetting committee approved the request and processed during December 2021.

- The company signed an agreement to provide oil derivatives to Jordanian Royal Air Force on May, 26 , 2021 included a payment deadline by 15 days since the day of receiving the invoices and according to that the Jordanian Royal Air Force was committed to pay its withdrawals as the due date. The agreement was also extended for another year according to the letter of the General Command of the Jordanian Armed Forces - Arab Army No. (AH 2/4/1180) dated February 14, 2022.

b. This item includes fuel customers and other receivables of JD 4,875,007related to the refining and gas activity of JD 4,404,200 related to the oil factory, and JD 43,497,594 related to Jordan Petroleum Products Marketing Company as of December 31, 2021.

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

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

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

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

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

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

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

- Alia Company – Royal Jordanian Airlines has invited licensed companies to tender for supplying Royal Jordanian aircraft with jet fuel according to the resolution of the Ministry of Energy and Mineral Resources, which includes the resolution for the licensed marketing companies to start the activity of supplying jet fuel. The tender was awarded to Jordan Petroleum Products Marketing Company – a subsidiary. As a result, a fuel supply agreement was signed between Alia Company – Royal Jordanian Airlines and Jordan Petroleum Products Marketing Company on November 1, 2018. Moreover, the direct supply activity to Alia Company – Royal Jordanian Airlines has been transferred from Jordan Petroleum Refinery Company to Jordan Petroleum Products Marketing Company – a subsidiary company.

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

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

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

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

- Pursuant to the Council of Ministers' Decision No. (1976), adopted in its meeting held on April 18, 2021, It was approved that the Ministry of Finance would pay the discounts owed to Alia Company - Royal Jordanian Airlines that are not paid for its jet fuel withdrawals according to the discount decisions granted to Alia Company - Royal Jordanian Airlines for its withdrawals according to a mechanism to be agreed upon between the Ministry of Finance and Alia Company - Airlines Royal Jordanian, with the aim of not burdening the government with any additional burdens as a result of increasing the balance of the financial relationship between the refinery and the government and the consequent interests of delayed payments

- This item includes accounts receivable related to the refining and gas activities in the amount of JD 2,830, an amount of JD 8,710 related to the oil factory, and an amount of JD 3,262,309 related to the Jordan Petroleum Products Marketing Company as on December 31, 2021.

d. The maturity date of checks under collection of the refining and gas activities extends up to January 4, 2022, and these checks amounted to JD 4,071,152. Meanwhile, the maturity date of checks under collection of the oil factory extends up to April 19, 2022, and these checks amounted to JD 2,347,303. Moreover, the maturity date of checks under collection of Jordan Petroleum Products Marketing Company extends up to December 31, 2022, and these checks amounted to JD 24,944,038.

e. The Ministry of Finance's item (relationship) includes an amount related to the refining and gas activity of JD 165,747,052 and JD 34,350,107 for Jordan Petroleum Products Marketing Company as of December 31, 2021.

   - As per the Ministry of Finance's Letter No. (8AR/4/5197), dated February 18, 2020, the balance of the financial relationship between the company and the Government as of December 31, 2018 of JD 591,669,659 was confirmed, provided that the debt of National Electricity Company was matched between the two companies, Accordingly, the National Electricity Company confirmed the balance in its letter No. (7216/2503), dated March 11, 2020, and requested that it be allowed to pay the balance over three years in equal monthly installments. The company did not accept the National Electricity company's request and it did give a juridical warning to pay all the due amounts and its interest, As a result of the National Electricity Company's failure to pay the accrued amounts, the Company has filed a case against the National Electric Company at the competent courts.

- The Company has committed to reducing the Ministry of Finance's debt (the relationship) by JD 137,903,814 during the year 2019, according to the Company's borrowing agreement with banks of JD 455,505,000, on behalf of the Government to pay part of the debt owed by the Government in exchange for the issuance of pledges by the Ministry of Finance to pay the loan amount and interest thereon. The agreement was signed between the Company and the Jordanian Government at June 16, 2020 after the Council of Ministers approved the agreement and authorized the Minister of Finance to sign it on behalf of the Jordanian Government, according to the Council of Ministers' Decision No. (9158), taken in its meeting held on March 24, 2020.

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

- Upon the offsetting request by Jordan Petroleum Refinery Company submitted to the Ministry of Finance, for offsetting the Ministry of Finance relationship account due to the company amounted to JD 137,667,786 , and the balance of the deposits differences in pricing of derivatives and surpluses accrued to the government in the amount of JD 44,167,683 and the balance of establishing alternative tanks trusts due to the government in the amount of JD 93,500,103 for the balances as of September 30, 2020, the Ministry of Finance letter No. (18/4/694) was received on January 10, 2021, which includes the approval of the above-mentioned offsetting based on the offsetting instructions, and that the offsetting was carried out at the Ministry of Finance on January 4, 2021, and that the financial offsetting effect is recorded in the financial statements for the year 2020, according to the balances of the financial relationship between the company and the government as of September 30, 2020 contained in the company's letter No. (2/25/51/1/8988) dated December 15, 2020.

- The general and special taxes balances in the financial relationship balance between the Company and the government below are identical to the records of the Income and Sales Tax Department as of December 31, 2021.

- According to the Council of Ministers' Decision No. (5011) adopted in its meeting held on December 19, 2021, the company borrowed an amount of JD 105,000,000, equivalent in US dollars, from the banks assigned to it by the Ministry of Finance on December 31, 2021 In return for the Ministry of Finance issuing pledges to repay the loan amounts and their interest to the banks, also, the receivables of the security authorities were reduced according to the agreement concluded between the company and the Ministry of Finance, as the decision authorized the Minister of Finance to sign this agreement on behalf of the government.

- Upon the Prime Minister decision No. (5329) adopted in its session held on July 10, 2019, which included the approval to authorize the Jordan Petroleum Refinery Company to implement the terms of the Memorandum of Understanding for the processing and transportation of crude oil between the government of the Republic of Iraq and the government of the Hashemite Kingdom of Jordan, the company signed the agreement on August 1, 2019 and the company issued a letter of credit in favor of the Central Bank of Iraq to cover the value of the amount of 10 thousand barrels per day throughout the year according to the monthly average price of a barrel of Brent crude oil minus 16 US dollars, noting that the quantities of Iraqi oil were supplied at the end of August of 2019 and according to the minutes signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources, and the Jordan Petroleum Refinery Company on March 10, 2020, the balances and accounts of Iraqi crude oil were reconciled until December 31, 2019, and according to the minutes signed between those concerned in the Ministry of Finance and the Ministry of Energy and Mineral Resources And the Jordan Petroleum Refinery Company, on June 30, 2020, Iraqi crude oil balances and accounts were reconciled up to April 30, 2020, noting that Iraqi oil supply was stopped during the May and June 2020 due to the decrease in international prices and it started to be supplied again on the first of July 2020 and its supply ended by the end of November 2020 and the Iraqi oil balances and accounts were reconciled until the end of the current tender according to the minutes signed between the concerned parties in the Ministry of Finance And the Ministry of Energy and Mineral Resources and the Jordan Petroleum Refinery Company on December 20, 2020, Noting that the government of Jordan agreed with the Iraqi Ministry of Oil to renew the agreement, the supply of Iraqi oil was started under the new agreement at the beginning of September 2021, Moreover, the Jordan Petroleum Refinery Company was authorized to implement the terms of the agreement on behalf of the Jordanian government under the letter of Ministry of Energy No.(MNG/5483/8/21) dated August 12, 2021 based on Prime Minister's Decision No. (1391) adopted in its meeting held on February 17, 2021. The Iraqi oil balances and accounts for the period from the beginning of September to the end of December 2021 were also matched according to the agreement signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources and the Jordan Petroleum Refinery Company on February 21, 2022.

- The balances of the Ministry of Finance that is related to Jordan Petroleum Products Marketing Company were confirmed as of December 31, 2021 through the Ministry of Finance's approval on Jordan Petroleum Products Marketing Company's Letter No. (111/2/859) dated February 9, 2022.

- The Company signed an agreement for supplying oil derivatives with the Royal Jordanian Air Force on May 26, 2021 included payment deadline of 15 days starting from the invoices receiving day, and according to that Jordanian Royal Air force was committed to pay all due amounts on time. The agreement was also extended for another year according to the letter of the General Command of the Jordanian Armed Forces - Arab Army No. (AH 2/4/1180) dated February 14, 2022.

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

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

- The balance of the financial relationship between the Company and the Government related to the refining and gas activity as of December 31, 2018 (confirmed by the Ministry of Finance's Letter No. (8AR/4/5197)) is as follows:

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

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

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

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

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

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

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

- The balance of the financial relationship between the Company and the Government related to the refining and gas activities as of December 31, 2021 is as follows:

	December 31, 2021 (Audited)
Amounts Owed to the Company:	**JD**
Ministry of Finance primary account (the relationship)	**165,747,052**
General sales tax deposits	**126,294,176**
Special sales tax deposits	**182,255**
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	-
Royal Air Force	13,286,270
Directorate of General Security	2,025
Departments, ministries, and Governmental agencies and Institutions	2,413,667
National Electricity Company	72,147,468
Total Debts of Security authorities, Governmental Departments and Institutions, and the National Electricity Company	**87,849,430**
Total Amounts Owed to the Company	**380,072,913**
Less: Amounts Owed to the Government:	
Price differences deposits of oil derivatives pricing surplus	108,433
Deposits for constructing alternative tanks - Ministry of Energy	-
Fees and allowances according to (IPP)	46,680,255
Total Amounts Owed to the Government	**46,788,688**
Balance Owed to the Company from the Government	**333,284,225**

* According to the Company’s minutes of meetings with the Ministry of Finance held on November 8, 9 and 16, 2017, in order to determine the balances of the financial relation between Jordan Petroleum Refinery Company and the Government (excluding Jordan Petroleum Product Marketing Company and the Lube Oil Factory) for the balances as of September 30, 2017, the Ministry of Finance has taken a pledge for all of the debt balances of the Armed Forces, Royal Air Force, Public Security Directorate, the General Directorate of Gendarmerie, other security forces, and governmental departments, within its budget as well as the debts of the National Electric Power Company for the refining and gas activities of JD 319,468,856 as of September 30, 2017. In the meantime, the two parties have agreed that no provision would be made for the debts of Royal Jordanian Company, municipalities, governmental universities, and managerially and financially independent governmental institutions during the relationship period, provided that if those amounts are not collected through the judiciary, and the Company is required to write them off, the Ministry of Finance pledges to pay those debts and any related costs.

f- The general sales tax deposits item includes an amount of JD 126,294,176 related to the refining and gas activities, and JD 1,834,639 related to the Jordan Petroleum Products Marketing Company as of December 31, 2021.

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

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

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

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

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

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

- Based on a decision number (2898) by Council of Ministers that had been taken on July 7, 2021 they accept to exempt the company's imports of crude oil and oil derivatives from customs fees (Standard fees) for the period ended April 30, 2022

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

h. This item consists mainly of the prepaid expenses account related to the Company's insurance, rents, marketing, and security and protection; and contractors' prepayments for the establishment of gas stations, including an amount of JD 4,962,785 related to the refining and gas activity, and JD 11,719,763 related to Jordan Petroleum Products Marketing Company as of December 31,2021.

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

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

	2021	2020
	JD	JD
Balance at the beginning of the year	21,812,417	16,982,422
Provision recorded during the year – net	2,503,175	4,990,170
Recovered during the year	(1,109,957)	(160,175)
Balance at the End of the Year	23,205,635	21,812,417

- The provision for the expected credit losses includes an amount of JD 4,915,186 as of December 31, 2021 (JD 6,025,143 as of December 31, 2020) related to the refining and gas activity, and JD 2,465,673 as of December 31, 2021 (JD 2,262,372 as of December 31, 2020) related to the oil factory, and JD 15,824,776 as of December 31, 2021 (JD 13,524,902 as of December 31, 2020) for Jordan Petroleum Products Marketing Company. The provision is calculated after taking into consideration the debts guaranteed by the Government.

10. Crude Oil, Finished Oil Products, and Supplies.

This item consists of the following:

	December 31, 2021	December 31, 2020
	JD	JD
Finished oil derivatives and lube oil	218,959,468	184,380,042
Crude oil and materials under process	80,349,582	47,189,794
Raw materials, spare parts, and other supplies	58,282,693	62,993,308
Goods in transit	66,640,860	9,856,245
Less: Provision for slow-moving and obsolete and sediments inventory*	(7,238,287)	(7,957,384)
	416,994,316	296,462,005

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

	2021	2020
	JD	JD
Balance at beginning of the year	7,957,384	18,295,494
Released during the year	(406,590)	(9,553,951)
Paid during the year	-	(491,186)
Less: written-off items	(312,507)	(292,973)
Balance at the End of the Year	7,238,287	7,957,384

11. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31 2021		December 31 2020	
	Number of Shares	JD	Number of Shares	JD
Listed Shares:				
Jordan Electricity Company	731,003	847,963	713,174	862,941
Safwa Islamic Bank	256,516	489,946	256,516	359,122
Arab Potash Company	47,300	1,240,206	47,300	993,300
Jordan Paper and Cardboard Factories Company	33,300	2,664	33,300	1,998
Public Mining Company	27,500	23,100	27,500	23,100
Palestine Development and Investment Company	28,060	24,889	28,060	15,517
Al Motarabita Investment Company	128,259	1,283	128,259	1,283
		2,630,051		2,257,261

12. Deferred Tax Assets

This item consists of the following:

Items that resulted in Deferred Tax Assets:	For the Year Ended December 31, 2021						
	Balance at the Beginning of the Year	Additions	Released	Balance at the End of the Year	Deferred Taxes	Transferred to Condolidated statement of profit or loss During the Year - Net	Value of deferred tax assets as of December 31, 2020
	JD	JD	JD	JD	JD	JD	JD
Expected credit losses provision	21,812,417	2,503,175	(1,109,957)	23,205,635	4,651,758	402,651	4,249,107
Gas cylinders provision	5,000,000	4,032,307	(4,032,307)	5,000,000	900,000	50,000	850,000
Employees' vacations provision	1,961,271	94,309	-	2,055,580	370,004	36,588	333,416
End-of-service indemnity provision	37,859	-	-	37,859	6,815	379	6,436
Slow-moving and obsolete and sediments inventory provision	7,957,384	-	(719,097)	7,238,287	1,302,891	(49,864)	1,352,755
Storage fees provision	7,954,329	943,845	(8,814,012)	84,162	15,149	(1,337,087)	1,352,236
lawsuits provision	622,350	976,712	-	1,599,062	314,405	208,605	105,800
Acceptable tax (Losses) for the year	26,607,889	-	(26,205,229)	402,660	48,013	(4,479,318)	4,527,331
Differences from implementing IFRS (16) - a Subsidiary Company	1,983,218	474,204	-	2,457,422	674,632	262,063	412,569
	73,936,717	9,024,552	(40,880,602)	42,080,667	8,283,667	(4,905,983)	13,189,650

- The deferred tax assets for the year 2021 related to the refining, gas and oil factory activities were calculated at a rate of 17%, to which the national contribution is added at 1% and by 20% for the activity of marketing petroleum products, to which the national contribution is added by 1%, according to the amended Income Tax Law No. (38/2018).

13. Investment Property - Net

This item consists of the following:

	Land	Buildings	Equipment	Total
For the Year Ended December 31, 2021	JD	JD	JD	JD
Cost:				
Balance at the beginning of the year	641,541	238,699	42,000	922,240
Transfers from property and equipment - Note (14)	579,280	875,190	-	1,454,470
Transfers from right of use assets - Note (16)	519,994	-	-	519,994
Balance at the End of the Year	1,740,815	1,113,889	42,000	2,896,704
Accumelated Depreciation:				
Balance at the beginning of the year	-	64,502	42,000	106,502
Additions	-	32,622	-	32,622
Balance at the End of the Year	-	97,124	42,000	139,124
Net Book Value	1,740,815	1,016,765	-	2,757,580
For the Year Ended December 31, 2020				
Cost:				
Balance at the beginning of the year	641,541	238,699	42,000	922,240
Balance at the End of the Year	641,541	238,699	42,000	922,240
Accumelated Depreciation:				
Balance at the beginning of the year	-	54,954	42,000	96,954
Additions	-	9,548	-	9,548
Balance at the End of the Year	-	64,502	42,000	106,502
Net Book Value	641,541	174,197	-	815,738
Annual Depreciation Rate %		2	20	

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

This item consists of the following:

Year 2021	Lands	Buildings	Machinery and Production Equipment	Machinery and Support Services Equipment	Tanks and Pipelines	Electrical Machines and Equipment	Products Loading Units	Vehicles	Office Furniture and Fixtures	Library and Training Equipment	Distribution Stations Assets	Other Property and Equipment	Computers	Projects under Construction *	Total Excluding Lands and Projects under Construction	Total
Cost:	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	45,211,062	78,755,215	105,996,102	46,980,945	84,404,563	36,300,304	31,910,797	45,516,215	5,086,091	26,883	24,729,295	111,008	10,333,600	43,541,804	470,151,018	558,903,884
Additions	1,259,678	1,250,291	-	365,850	125,946	1,420,365	-	98,601	746,273	-	2,354,731	-	103,012	5,670,154	6,465,069	13,394,901
Transfers from Projects under Construction	-	803,025	-	-	29,812	1,547,943	-	-	2,532	-	-	-	-	(2,383,312)	2,383,312	-
Transfers to real-estate property	(579,280)	(875,190)	-	-	-	-	-	-	-	-	-	-	-	-	(875,190)	(1,454,470)
Disposals	(24,626)	(97,785)	-	-	-	-	-	(435,370)	(4,467)	-	(2,111,938)	-	(253,773)	-	(2,903,333)	(2,927,959)
Balance at the End of the Year	45,866,834	79,835,556	105,996,102	47,346,795	84,560,321	39,268,612	31,910,797	45,179,446	5,830,429	26,883	24,972,088	111,008	10,182,839	46,828,646	475,220,876	567,916,356
Accumulated Depreciation:																
Balance at the beginning of the year	-	30,314,443	103,265,114	41,170,148	68,503,863	31,055,824	31,910,796	37,162,283	4,262,488	26,883	19,298,509	111,008	9,226,894	-	376,308,253	376,308,253
Additions	-	3,627,473	1,454,627	1,230,610	1,289,142	24,686	-	1,079,166	682,820	-	2,390,464	-	244,058	-	12,023,046	12,023,046
Disposals	-	(91,819)	-	-	-	-	-	(370,297)	-	-	(556,406)	-	(253,773)	-	(1,272,295)	(1,272,295)
Balance at the End of the Year	-	33,850,097	104,719,741	42,400,758	69,793,005	31,080,510	31,910,796	37,871,152	4,945,308	26,883	21,132,567	111,008	9,217,179	-	387,059,004	387,059,004
Net Book Value as of December 31, 2021	45,866,834	45,985,459	1,276,361	4,946,037	14,767,316	8,188,102	1	7,308,294	885,121	-	3,839,521	-	965,660	46,828,646	88,161,872	180,857,352
Year 2020																
Cost:																
Balance at the beginning of the year	44,466,200	76,747,639	101,883,864	46,103,672	83,984,422	35,927,823	31,910,797	44,065,957	4,283,233	26,883	21,978,526	111,008	10,204,313	39,884,879	457,228,137	541,579,216
Additions	744,862	390,639	3,828,857	877,273	64,126	1,000	-	1,544,167	795,661	-	3,267,587	-	129,287	6,307,473	10,898,597	17,950,932
Transfers from Projects under Construction	-	1,620,375	286,886	-	356,015	371,481	-	-	15,791	-	-	-	-	(2,650,548)	2,650,548	-
Disposals	-	(3,438)	(3,505)	-	-	-	-	(93,909)	(8,594)	-	(516,818)	-	-	-	(626,264)	(626,264)
Balance at the End of the Year	45,211,062	78,755,215	105,996,102	46,980,945	84,404,563	36,300,304	31,910,797	45,516,215	5,086,091	26,883	24,729,295	111,008	10,333,600	43,541,804	470,151,018	558,903,884
Accumulated Depreciation :																
Balance at the beginning of the year	-	27,412,015	101,844,344	40,137,925	67,231,094	31,043,241	31,910,796	34,897,141	3,627,719	26,883	17,561,338	111,008	8,400,221	-	364,203,725	364,203,725
Additions	-	2,903,599	1,424,275	1,032,223	1,272,769	12,583	-	2,334,371	640,857	-	1,863,828	-	826,673	-	12,311,178	12,311,178
Disposals	-	(1,171)	(3,505)	-	-	-	-	(69,229)	(6,088)	-	(126,657)	-	-	-	(206,650)	(206,650)
Balance at the End of the Year	-	30,314,443	103,265,114	41,170,148	68,503,863	31,055,824	31,910,796	37,162,283	4,262,488	26,883	19,298,509	111,008	9,226,894	-	376,308,253	376,308,253
Land valuation difference from subsidiary acquisition	237,308	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237,308
Net Book Value as of December 31, 2020	45,448,370	48,440,772	2,730,988	5,810,797	15,900,700	5,244,480	1	8,353,932	823,603	-	5,430,786	-	1,106,706	43,541,804	93,842,765	182,832,939
Annual Depreciation Rate %	-	2 - 4	10	10	4	10	10	15	5 - 10	10	20	10	40	-		

* Additions for projects under construction mainly consist of payments for technical, financial, legal and environmental studies related to the fourth expansion project, and projects for establishing and modernizing fuel stations for the Jordan Petroleum Products Marketing Company (Subsidiary Company).

- Projects under construction include assets related to refining and gas activity, amounting to JD 44,137,498 , including an amount of JD 44,094,362 related to the fourth expansion project, and it was paid from the reserve allocated for this purpose. Also, it includes an amount of JD 2,691,148 for the Petroleum Products Marketing Company to establish and develop gas stations as of December 31, 2021.

- Property,plant and equipment includes fully depreciated assets with an amount of JD 308,229,416 as of December 31, 2021 (JD 296,574,095 as of December 31, 2020).

15. Intangible Assets - Net

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Jordan Petroleum Products Marketing license *	30,000,000	30,000,000
Goodwill	9,960,314	9,960,314
Operating lease contracts	1,664,164	1,664,164
License agreement – trade name	444,009	444,009
Owned gas stations licenses	1,217,795	1,217,795
	43,286,282	43,286,282
Less: Accumulated amortization**	(26,000,000)	(23,000,000)
	17,286,282	20,286,282

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

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

- The subsidiary Company (Jordan Petroleum Products Marketing Company) wholly owned by Jordan Petroleum Refinery Company has acquired the entire share of Hydron Company on December 26, 2018. This acquisition resulted in intangible assets which were definitively calculated by management and financial advisors during the year 2020 as follows:

	December 31, 2021
	JD
Goodwill	9,000,314
Operating lease contracts	1,664,164
License agreement – trade name	444,009
Owned gas stations licenses	1,217,795
Total	12,326,282

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

	2021	2020
	JD	JD
Balance at the beginning of the year	23,000,000	20,000,000
License amortization for the year	3,000,000	3,000,000
Balance at the End of the Year	26,000,000	23,000,000

16. Lease contracts:

This item consists of the following:

1. Right-of-use assets

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

	For the Year Ended December 31,	
	2021	2020
	JD	JD
Cost:		
Balance at the beginning of the year	65,336,565	65,770,416
Additions during the year	2,640,393	395,215
Disposals during the year	(777,687)	(829,066)
Transfers to investments property – note (13)	(519,994)	-
Balance at the End of the Year	66,679,277	65,336,565
(Less): Accumulated Depreciation		
Balance at the beginning of the year	(8,589,072)	(4,971,753)
Additions during the year	(3,502,101)	(3,726,975)
Disposals during the year	-	109,656
Balance at the End of the Year	(12,091,173)	(8,589,072)
Net Book Value	54,588,104	56,747,493

Amounts recorded in the consolidated statement of profit or loss:

	For the Year Ended December 31,	
	2021	2020
	JD	JD
Right-of-use assets depreciation	3,502,101	3,726,975
Lease obligations interest expense	2,872,666	2,547,910
	6,374,767	6,274,885

2. Lease contracts obligations:

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

	As of December 31,	
	2021	2020
	JD	JD
Balance at the beginning of the year	51,181,146	55,622,317
Add: Interest during the year	2,872,666	2,547,910
Additions during the year	2,685,793	-
(Less): Paid During the year	(7,635,911)	(6,384,258)
(Less): Disposal during the year	(293,248)	(604,823)
Balance at the End of the Year	48,810,446	51,181,146

Lease contracts accrual obligations analysis:

	For the Year Ended December 31,	
	2021	2020
	JD	JD
Lease liability – current portion	4,969,591	4,594,836
Lease liability – non-current portion	43,840,855	46,586,310
	48,810,446	51,181,146

17. Due to Banks

This item consists of overdraft current accounts and short-term loans granted by several local banks to finance the Company's activity at an interest and murabaha rate ranging from 2.1٪ to 6.5٪ annually during 2021 against the Company as a legal personality. This item includes an amount of JD 495,077,528 for the refining and gas activities and an amount JD 55,752,458 for the Jordan Petroleum Products Marketing Company as of December 31, 2021.

18. Payables and Other Credit Balances

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Deposits of surplus differences of oil derivatives pricing (a)	5,312,638	4,536,221
Special sales tax deposits on oil derivatives (b)	61,853,665	38,285,733
Deposits for constructing alternative tanks – Ministry of Energy (c)	-	-
Suppliers and obligations from purchase orders services and others	151,948,370	44,382,723
Gas cylinders provision (d)	5,000,000	5,000,000
Fees and allowances according to the oil derivatives price bulletin (IPP) (e)	46,680,255	51,514,419
Lawsuits provision (Note 30/b)	1,599,062	622,350
Advance payment from customers (F)	8,733,744	6,751,394
Shareholders' deposits	12,063,557	13,639,658
Creditors and other credit balances	16,116,653	9,549,222
Retention deducted from contractors	465,089	469,402
Employees' vacations provision	2,055,580	1,961,271
Subsidiary companies import pricing differences (G)	11,443,376	8,863,678
Storage fees provision (H)	84,162	7,954,329
Balances retained against acquisition of subsidiary (I)	907,135	963,939
Alia company deposits – Royal Jordanian Airlines (J)	11,253,235	11,253,235
	335,516,521	205,747,574

a. Deposits of surplus differences of oil derivatives pricing item includes an amount of JD 108,433 for the refining and gas activities, and an amount of JD 5,204,205 for the Jordanian Petroleum Products Marketing Company as of December 31, 2021.

- This item includes amounts from oil derivatives pricing differences between total cost including taxes, fees, transportation charges, and actual selling prices and the rounding-up of fractions differences effective from March 2, 2008 according to (IPP) and published price in the Kingdom. These differences are considered as the Government's right according to the Ministry of Energy and Mineral Resources' Letter No. (9/4/1/719), dated February 16, 2009, and the Ministry of Finance's Letter No. (18/4/9952), dated April 29, 2009. Consequently, the Company was obliged, effective from March 2008, to record the results of the differences of prices in favor of the Ministry of Finance. Additionally, the Government has claimed the differences in the pricing of oil derivatives effective from December 14, 2008, according to the resolution of the oil derivatives pricing committee, in its meeting held on December 13, 2008, provided that the pricing surplus is recorded as deposits under payables and other credit balances within the consolidated financial statements of the Company.

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

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

	2021	2020
	JD	JD
Balance at the beginning of the year	4,536,221	45,420,322
Additions during the year	776,417	3,283,582
Paid during the year	-	(44,167,683)
Balance at the end of the Year	5,312,638	4,536,221

b. This item includes an amount of JD (182,255) for the refining and gas activities due from the Income and Sales Tax Department and an amount of JD 62,035,920 due from the Jordan Petroleum Products Marketing Company in favor of the Income and Sales Tax Department as of December 31, 2021.

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

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

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

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

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

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

	2021	2020
	JD	JD
Balance at the beginning of the year	5,000,000	5,000,000
Add: Recorded during the year *	4,032,307	4,186,428
Less: Released during the year *	(4,032,307)	(4,186,428)
Balance at end of the Year	5,000,000	5,000,000

* During the year 2021, a provision of JD 4,032,307 was recorded for the disposal, repair and maintenance of cylinders, in accordance with IPP amounting to JD (10) for each ton of gas sold. An amount of JD 4,032,307 has been released. Moreover, the number of gas cylinders sold during the year 2021 was around 32.2 million cylinders.

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

The movement on this item is as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	51,514,419	48,609,966
Additions during the year	3,037,700	2,904,453
Paid during the year	(7,871,864)	-
Balance at the end of the Year	46,680,255	51,514,419

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

g. This item represents pricing differences from imported finished oil derivatives between the cost of imported finished oil derivatives during the years from 2017 until the end of 2021, and the Refinery Gate price included in the oil derivatives pricing bulletin (IPP) concerning the imports of Jordan Petroleum Products Marketing Company (Subsidiary Company) related to finished oil derivatives. In this regard, the Company recorded the difference between the actual import cost and the refinery gate price of oil derivatives as per the oil derivatives of prices bulletin (IPP) under the item of import pricing differences within payables and other credit balances, as the Company is uncertain as to whether it is the right for the Company or for the Ministry of Finance, and therefore, If it was the company’s rights, this balance becomes a revenue for the company, and if it is the Ministry of Finance’s rights, it is transferred from the deposits account without affecting the statement of profit or loss.

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

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

- The company signed a settlement report with the JOTC on June 6, 2021 included matching the balance between the two companies and record the due amount for the JOTC which include that it has to be paid on six equal monthly instalments, In Addition, the payment of storage fees of fuel oil 3.5% on a monthly basis. Moreover, the company through April 2021 exported the Fuel Oil 1% which was imported for The national Electricity Company since the Egyptian Oil was interrupted , The National Electricity promised the Company to purchase the fuel oil and to pay all the costs , but it did not commit the promise and as result of that they send a judicial warning including their claim for the difference of Importing and exporting values , Included in claimed costs the cost of the material storage in JOTC tanks. As a result of the non-response of the National Electric Company, the company filed a case against the National Electric Company to collect the difference in the value of fuel oil 1% exported and all the costs of importing and storing it with the competent courts

- The movement on the provision of storage fees is as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	7,954,329	9,889,819
Additions during the year	943,845	3,064,510
Paid during the year	(8,814,012)	(5,000,000)
Balance at the end of the Year	84,162	7,954,329

i. This item represents the amount retained by the Jordan Petroleum Products Marketing Company (subsidiary company) to meet any future liabilities that may arise on the Hydron Energy Company LLC after it was fully owned in accordance with the agreement between both parties.

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

19. Provision for Income Tax

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

	2021	2020
	JD	JD
Balance at the beginning of the year	675,314	7,646,805
Add: Income tax expense for the year	7,331,041	674,001
Less: Income tax paid	(1,592,022)	(7,645,492)
Balance at the end of the Year	6,414,333	675,314

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

	2021	2020
	JD	JD
Income tax for the year	7,331,041	674,001
Deferred tax assets impact for the year – note (12)	4,905,983	(4,064,116)
	12,237,024	(3,390,115)

- The Company reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of the year 2018. In addition, the Company submitted its tax returns for the years 2019 and 2020 and paid the declared tax thereof. In addition, the tax expense for the year ended December 31, 2021 has been calculated and paid in accordance with the provisions of the Jordanian Income Tax Law. In the opinion of the Company's management and its tax advisor, the provisions stated in the consolidated financial statements are sufficient to cover its tax obligations.

- The Jordan Petroleum Products Marketing Company (a subsidiary company) reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of the year 2019. In addition, the company submitted its tax returns for the year 2020 and paid the declared tax thereof. The Income and Sales Tax Department has not reviewed the Company's accounts thereon. In addition, the tax expense for the period ended December 31, 2021 has been calculated with the provisions of the Jordanian Income Tax Law. In the opinion of the company's management and tax advisor, the provisions stated in the consolidated financial statement are sufficient to cover its tax obligations.

- The income tax declaration have been submitted for all of the subsidiary companies of the Jordan Petroleum Products Marketing Company up to the year 2020, and the declared income tax was paid. Moreover, the tax expense of the subsidiary companies has been calculated for the year ended December 31, 2021 according to the Jordanian Income Tax Law. In the opinion of the Company's management and its tax advisor, the provisions stated in the consolidated financial statements are sufficient to cover its tax obligations.

- The income tax rate is 17% for the refining and gas activity and oil factory plus a national contribution of 1%, and 20% for the Jordan Petroleum Products Marketing Company and its subsidiaries plus a national contribution of 1%.

20. Capital and Reserves

A. Capital

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

B. Statutory Reserve

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

C. Voluntary Reserve

This item represent what has been transferred from annual net income before taxes at a maximum rate of 20%. This reserve will be used for the purpose approved by the Board of Directors. Moreover, the General Assembly of Shareholders has the right to capitalize or distribute the whole reserve or part thereof as dividends to shareholders. In its ordinary meeting dated April 27, 2019, the General Assembly decided to allocate JD 8,538,579 to the voluntary reserve from retained earnings, and to use the accumulated voluntary reserve balance for the Fourth Expansion Project. In its ordinary meeting held on June 15, 2020, the General Assembly decided to allocate an amount of JD 10,428,215 to the voluntary reserve account from the retained earnings account, and also decided to use the accumulated voluntary reserve balance for the purposes of the Fourth Expansion Project. Moreover the General Assembly decided, at its regular meeting held on April 28, 2021, to continue using the accumulated voluntary reserve balance for the purposes of the fourth expansion project.

D. Fourth Expansion Reserve

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

During 2021, an amount of JD 2,978,308 was paid for technical, financial, legal and environmental services and consultations for the Fourth Expansion Project.

21. Financial Assets at Fair Value Reserve - net

This item represents the fair value reserve for the financial assets at fair value through comprehensive income which resulted from assets revaluation at fair value as of December 31, 2021.

22. Retained Earnings

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

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

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

The General Assembly also decided, in its ordinary meeting held on April 28, 2021, to approve the distribution of 5% of the company's capital as cash dividends to shareholders.

23. Sales - net

This item consists of the following:

	2021	2020
	JD	JD
Refining and gas cylinders filling sales*	410,715,170	399,040,533
Lube-oil factory sales	23,465,978	20,835,994
Jordan Petroleum Products Marketing Company sales	1,369,865,465	1,056,374,674
(Less): Fees, taxes and allowances according to selling prices of oil derivatives bulletin (IPP)	(564,372,776)	(518,963,468)
	1,239,673,837	957,287,733

* The finished oil derivatives sales of Jordan Petroleum Refinery Company to Jordan Petroleum Products Marketing Company (a subsidiary company) amounted to JD 600,858,603 for the year ended December 31,2021.

24. Cost of Sales

This item consists of the following:

	2021				2020
	Refinery and Gas Cylinders Filling Activity	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Total	Total
Raw Materials:	JD	JD	JD	JD	JD
Crude oil and materials under process at the beginning of the year	46,957,016	232,778	-	47,189,794	41,863,633
Purchases of crude oil and raw materials used in production	175,649,106	11,534,785	-	187,183,891	121,768,679
Crude oil and materials under process at the end of the year	(80,177,423)	(172,159)	-	(80,349,582)	(47,189,794)
	142,428,699	11,595,404	-	154,024,103	116,442,518
Industrial Expenses:					
Employees' salaries and other benefits	21,959,543	1,039,894	2,557,056	25,556,493	26,305,547
Property and equipment depreciation	2,845,121	147,932	973,902	3,966,955	4,179,997
Amortization of right-of-use lease - Subsidiary	-	-	396,278	396,278	408,303
Raw Materials, spare parts, and other supplies	5,211,110	30,808	509,858	5,751,776	5,030,363
Transportation fees and other expenses	8,889,955	610,753	8,233,705	17,734,413	15,661,525
Total Industrial Expenses	38,905,729	1,829,387	12,670,799	53,405,915	51,585,735
Total Production Cost	181,334,428	13,424,791	12,670,799	207,430,018	168,028,253
Add: Finished oil derivatives and lube oil at the beginning of the year	155,734,980	896,412	27,748,650	184,380,042	285,774,084
Purchases of finished goods during the year	232,792,974	-	810,003,609	1,042,796,583	674,703,942
Total Goods Available for Sale	569,862,382	14,321,203	850,423,058	1,434,606,643	1,128,506,279
Less: Finished oil derivatives and lube oil at the end of the year	(174,092,941)	(1,515,778)	(43,350,749)	(218,959,468)	(184,380,042)
	395,769,441	12,805,425	807,072,309	1,215,647,175	944,126,237
Subsidy of oil derivatives recorded on the Ministry of Finance account	(77,592,043)	-	(30,260,063)	(107,852,106)	(26,349,932)
Surplus of oil derivatives pricing difference recorded to the Ministry of Finance account	89,329	-	687,088	776,417	3,283,582
	318,266,727	12,805,425	777,499,334	1,108,571,486	921,059,887

The average cost of purchasing a barrel of crude oil amounted to 70/03 USD for the year ending December 31, 2021 (compared to 40/96 USD for the year 2020).

25. Operating Income and Other

This item consists of the following:

	2021	2020
	JD	JD
Income from Ports Corporation *	1,440,000	1,440,000
Dividends shares income	98,351	99,005
Tanks rent, evaporation, and marketing companies uploading and downloading fees **	1,959,144	2,152,322
Delay interest	462,279	553,626
Foreign currency gains	1,728,120	1,213,834
Rental Income	973,107	672,350
Services Income	1,236,265	928,672
Transportation fees Income	102,705	351,475
Various other income	2,427,598	4,366,818
	10,427,569	11,778,102

* This item represents revenue due to Jordan Petroleum Refinery Company from using the services of the Company's employees by the Ports Corporation during the years 2021 and 2020, to assist in the work of Aqaba ports.

** This item represents tanks rent, evaporation, loading and downloading fees on the quantities imported by the marketing companies, as well as the storage of operating stock fees related to the marketing companies, as per the instructions of the Ministry of Energy and Mineral Resources to these companies to make available the required operating inventory for their activities.

26. Selling and Distribution Expenses

This item consists of the following:

	2021	2020
	JD	JD
Salaries and other employees' benefits	19,270,804	22,604,905
Company's contribution to the Death, compensation and end of service indemnity Disability Fund	1,703,650	1,793,880
Property and equipment depreciation	7,681,293	7,515,041
Right of use assets depreciation (a subsidiary company)	3,097,500	3,310,351
Raw materials, spare parts, water, electricity and other supplies	4,015,964	3,210,388
Insurance fees	686,631	666,063
Fees, taxes, and stamps	1,491,869	1,226,952
Security and safety expenses	2,325,189	2,248,467
Rents	3,547,413	2,803,430
Gas stations management service fees	4,049,652	2,374,170
Various selling and distributing expenses	3,155,959	3,075,877
	51,025,924	50,829,524

27. General and Administrative Expenses

This item consists of the following:

	2021	2020
	JD	JD
Salaries and other employees' benefits	6,714,125	7,110,717
Company's contribution to the Death, compensation and end of service indemnity Disability Fund	410,043	417,697
Cash donations and contributions	158,562	2,326,673
Postage and telephone	66,831	64,872
Stationery and printing	92,920	79,341
Property and equipment depreciation	407,420	625,688
Right of use assets depreciation (a subsidiary company)	8,323	8,321
Technical and legal consultations	423,830	328,089
Advertisements	132,906	130,653
Maintenance and repairs	131,836	130,438
Rents	195,645	168,830
Subscriptions	285,680	221,313
Insurance fees	192,213	196,857
Water and electricity	155,913	98,786
Professional fees	143,000	112,267
Fees, taxes, and stamps	337,174	169,671
Various general and administrative expenses	795,547	875,751
	10,651,968	13,065,964

28. Earnings per Share from profit (Loss) for the year attributed to the Company's Shareholders

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

	2021	2020
Profit (Loss) for the year-shareholders (JD)	52,046,429	(14,326,451)
Weighted-average number of shares – (share)	100,000,000	100,000,000
Earnings per share from profit (loss) for the year – Basic and Diluted - (fils / dinar)	- /520	(-/143)

29. Non-Controlling Interests

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

	December 31, 2021		
	Non-controlling Percentage	Non - controlling Share from Net Profit (Loss)	Non-controlling Share from Net Assets
Company	**%**	**JD**	**JD**
Al-Nuzhah and Istiklal station for Fuel and Oil Company	40	153,830	1,393,453
Al-Karak Central Gas station for Fuel Company	40	89,011	627,387
Rawaby Al-Qwirah Gas Station for Fuel and Oil Company	40	104,491	815,118
Al-A'on for Marketing and Distributing Fuel and Oil Company	40	(749,892)	(570,404)
Jordanian German for Fuel Company	40	29,339	639,863
Al Kamel Gas Station for Fuel and Oil Company	40	253,171	1,181,916
Al-Wadi Al-abiad Gas Station for Fuel Company	40	36,223	469,518
Al-Tanmwieh Al-A'ola for Fuel Company Gas Stations	40	169,999	1,477,228
Al Qastal Gas Station for Fuel and Oil Company	40	18,996	456,819
Taj Amoun Gas Station for Fuel Company	20	93,152	1,640,821
Al Shira' Gas Station for Fuel and Oil Company	40	(1,179)	472,557
		197,141	8,604,276

30. Contingent Liabilities and Financial Commitments

a. There are obligations may arise to the Company and financial commitments on the date of the consolidated statement of financial position, the details are as follows:

	December 31,	
	2021	2020
	JD	JD
Letters of credit and bills of collections*	824,723,687	493,380,505
Letters of guarantee	7,049,779	9,158,340
Contracts for projects under construction	14,986,304	15,067,269

* This item includes letter of credits (Standby L/Cs) in the amount of JD 128 million which is equivalent to USD 180 million in favor of Saudi Aramco Company as of December 31, 2021 (JD 99 million, equivalent to USD 140 million as of December 31, 2020).

b. There are lawsuits filed against the company in the courts for claims amounting of JD 1,599,062 as of December 31, 2021, of which an amount of JD 713,282 is related to the refining and gas activity and an amount of JD 885,780 is related to the Jordan Petroleum Products Marketing Company (JD 622 thousand as on December 31, 2020). Noting that some of the cases are filled against the government and the company together from previous years, and the obligations that could ensue on the Company from the outstanding lawsuits were estimated and the required provision for the outstanding lawsuit has been recorded within creditors and other credit balances item, and in the opinion of the company's management and the legal advisor, the provisions taken are sufficient to meet any future obligations .

c. According to the minutes of the company's meetings with the Ministry of Finance held on November 8, 9 and 16, 2017 in order to determine the balances of the financial relationship between the Jordan Petroleum Refinery Company and the government (with the exception of the Jordan Petroleum Products Marketing Company and the Oil Factory) for the balances as of September 30, 2017, and it was agreed as follows:

1- The main account of the Ministry of Finance balance confirmation in the amount of JD 195,194,153 and the general sales tax deposits account balance in the amount of JD 97,388,860 and the special sales tax deposits account balance in the amount of JD 937,034 as of September 30, 2017 as a right of the Jordan Petroleum Refinery Company for refining and gas activities , moreover The Ministry of Finance committed in each of the debt balances of the Armed Forces, the Royal Air Force, the Public Security Directorate, the General Directorate of the Gendarmerie Forces, other security agencies and government departments within the budget, and the debt of the National Electricity Company the belongs to refining and gas activities in the amount of JD 319,468,856 as of September 30, 2017, and the two parties agreed that it would not be any provision for the indebtedness of Royal Jordanian, municipalities, government universities, and the independent government institutions financially or administratively during the relationship period, provided that in the event that these amounts are not collected through the judiciary and the company has to execute any of them, the Ministry of Finance undertakes to pay these receivables and the all costs involved.

2- Confirm the pricing surplus deposits differences amount of of JD 43,488,857, and deposits for constructing alternative tanks of JD 93,500,103 as well as ,fees, stamps and allowances according to (IPP) amount of JD 9,051,757 as of September 30, 2017 as a right for the Government.

3- There was no agreement between the two parties on the value of the strategic storage deposits, as the government demands the evaluation amount in 2008, which amounted to JD 156,787.303, while the Jordan Petroleum Refinery Company objects to this value, as the quantities of the stock are deposits with the company and will be refunded in the event the relationship with the government ends as quantities.

4- The two parties have not reached an agreement as to which party will keep a JD 10 million balance of writing off and repairing cylinders provision.

5- It was agreed between the two parties that the balance of the provision for lawsuits and other obligations, amounting to JD 6.3 million as of September 30, 2017, is a right to Jordan Petroleum Refinery Company, and for any lawsuit the company wins the amount of the lawsuit will be transferred to the favor of the government , and in return that any judicial expenses are realized on the company during its relationship with the government is borne by the ministry, with exception of the recorded provision.

6- It was agreed between the two parties that the balance of the various provisions amounting to JD 234 thousand, as of September 30, 2017 is a right to Jordan Petroleum Refinery Company.

7- It was agreed between the two parties that the income tax provision balance as of September 30, 2017 is a right to the government and is reported to the Income and Sales Tax Department at the due date in accordance with the Income and Sales Tax Law.

8- It was agreed between the two parties that the labor provisions balance (Provision for work injuries compensation; provision for employees' vacation; provision for end-of-service indemnity; and provision for death, compensation, and end-of-service indemnity) as of September 30, 2017 is the right of Jordan Petroleum Refinery Company.

9- The two parties have not reached an agreement as to which party will record the provision for doubtful debts balance (the allowance for expected credit losses) of JD 10.5 million as of September 30, 2017.

10- It was agreed between the two parties that the balance of the legal compensation provision amounting to JD 6.27 million as of September 30, 2017 is a right to the government, noting that the full amount was paid before the end of 2017.

11- It was agreed between the two parties that the balance of the provision for delay payment fines, which amounted to JD 2.74 million as of September 30, 2017, is the government's right, noting that the full amount was paid before the end of 2017.

12- It was not agreed between the two parties as to which party will record the balance of the provision for slow-moving, obsolete and sediments inventory, amounting to JD 19.9 million as of September 30, 2017.

d. According to the Council of Minister's Resolution No. (7633) adopted in its meeting held on April 30, 2018, the financial relationship between the company and the government was terminated, and the company began operating on a commercial basis as of May 1, 2018 (Note 3).

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

According to the Board of Directors' Resolution to merge the death, compensation, and indemnity fund with the staff end-of-service indemnity into one fund, called the (death, compensation and end-of-service indemnity fund), and according to the General Announcement No. 11/2012, issued by the management of Jordan Petroleum Refinery Company, dated March 3, 2012, upon the end of service, an amount of 150% of the total monthly salary is calculated for the employee, according to the last wage he receives, provided that the amount should not exceed JD 2,000 for each year of service for those whose total salaries are less than JD 2,000 per month. If the monthly gross salary exceeds JD 2,000, the employee will receive one monthly gross salary for every year of work as an end-of-service compensation according to the last salary paid ,so that the necessary amounts are determined annually by the Board of Directors and in proportion to the size of this obligation so that the company can cover it within five years, in accordance with appendix No. (5) of the system The new fund mentioned above, and there is no deficit in the fund's balance as on December 31, 2021.

32. Related party transaction and Balances

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

	December 31,	
	2021	2020
Balances:	JD	JD
Ministry of Finance - the relationship (Note 9/e)	200,097,159	72,712,083
Ministry of Finance - derivatives pricing difference deposits and surpluses (note 18/a)	(5,312,638)	(4,536,221)

	2021	2020
Transactions	JD	JD
Subsidy for crude oil derivatives charged on the Ministry of Finance (Note 24)	107,852,106	26,349,932
Ministry of Finance – surplus from differences of pricing oil derivatives (Note 24)	(776,417)	(3,283,582)

- Executive management and members of the Board of Directors' salaries and remunerations amounted to JD 1,333,020 for the year 2021 (JD 1,343,395 for the year 2020).

33. Ministry of Finance – Deposits of Strategic Inventory

End of Relationship with the Government

Pursuant to the Prime Minister's Decision No. (7633), taken in its meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the procedures and submit any related conclusions to the Council of Ministers regarding the Government's strategic inventory, which has been quantified and valued, shall be transferred to the Jordan Oil Terminals Company (JOTC). Accordingly, the Jordan Petroleum Refinery Company began transferring the quantities of the strategic inventory to the Jordan Oil Terminals Company (JOTC) starting April 2018, and the company transferred the entire remaining quantities during the 2021 to the Jordan Oil Terminals Company (JOTC) according to the quantities that It was requested by the Jordan Oil Terminals Company (JOTC) and the Ministry of Energy and Mineral Resources. In addition, the company transferred the government's aircraft fuel material to the Royal Air Force during July 2020, and it transferred the asphalt owned by the government to the Ministry of Public Works during the 2020 upon the request of the Ministry of Energy and Mineral Resources. Moreover during February 2021 the company exported fuel oil 3.5% owned by the government at the request of the Ministry of Energy and Mineral Resources, The company also received a letter from the Ministry of Finance and the Ministry of Energy and Mineral Resources includes the sale of government-owned crude oil to the company as of the beginning of March 2021 on the basis of crude oil prices issued by Aramco for March 2021, and the company purchased these quantities during March 2021, in implementation of the Council of Minister's Decision No. (1150) taken in its meeting held on February 3, 2021.In addition, the remaining amount of the strategic inventory of kerosene owned by the government was exchanged for diesel, according to the Council of Minister's Decision No. (3273) taken in its meeting held on August 11, 2021. Accordingly, the government has no quantities of the strategic inventory as deposits with the company, bearing in mind that the approval of the Ministry of Finance was received to finally settle the value and quantity of the inventory in accordance with the letter of the Ministry of Finance No. (4/18/28669) dated August 29, 2019.

The table below illustrates the strategic inventory quantity owned by the government as of December 31, 2021 and 2020:

	December 31,	
	2021	2020
	Quantity/ Tons	Quantity/ Tons
Crude Oil	-	42,926
Jet Fuel	-	2
Kerosene	-	30,977
Fuel Oil 3.5%	-	3,950
	-	77,855

- During 2021, the entire remaining amount of the strategic inventory owned by the government was transferred.

34. Risk Management

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

a. Capital Risk Management

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

b. Liquidity Risk

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

c. Credit Risk

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

The Company's financial assets consisting mainly of receivables and other debit balances, financial assets at fair value through the consolidated comprehensive income, and cash do not represent important concentrations of credit risk. Furthermore, the debtors are widely spread among the clients' categories and their geographic areas. Strict credit control is maintained over the credit limits granted to each customer separately and on a continuous basis, and the expected credit losses is taken for it , in addition to this , there are real estate guarantees on some receivables with the transfer of profits resulting from the operations of the subsidiaries to the company.

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

The risk of investing in shares is related to the change in the value of the financial instrument as a result of changes in the closing prices of those shares.

- The change in the percentage of the financial market index for traded financial assets as of the date of the consolidated financial statements by 5% increase and/or 5% decrease, and the following is the impact of the change on the company's equity:

	2021	2020
	JD	JD
5% Increase	131,503	112,863
5% (Decrease)	(131,503)	(112,863)

d. Market Risk

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

1. Currencies Risk

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

	2021	2020
	JD	JD
Assets - US Dollar	999,536	648,253
Liabilities - US Dollar	605,703,773	466,099,132

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

2. <u>Interest Rate Risk</u>

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

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

The below-mentioned sensitivity analysis is determined according to the exposure to interest rate risk related to the creditor banks as of the consolidated financial statements date, the analysis was also prepared assuming that the liability amount at the consolidated financial statements date was outstanding during the whole year. An increase or decrease of half a percentage point (0/5%) is used, which represent the evaluation of the Company's management of the potential and acceptable change at market interest rates:

	2021	2020
	JD	JD
0/5% Increase	2,754,150	2,899,375
0/5% (Decrease)	(2,754,150)	(2,899,375)

35. <u>Sectorial and Geographical Distribution</u>

The information regarding the disclosed sectors of the Company is explained below in accordance with IFRS 8 where IFRS 8 requires the identification of reportable sectors on the basis of internal reports that are regularly reviewed by the main operating decision maker in the Company, and are used to allocate Resources for sectors and assess their performance. The company's main activity is to engage in activities related to crude oil, oil derivatives, gas and mineral oils. The majority of the company's revenues, profits and assets relate to its operations within the Hashemite Kingdom of Jordan, and sales between segments are restricted to selling prices in normal conditions.

- The company is organized for management purposes through four main business sectors, which are as follows:

a) **Refining**: This sector separates and transforms the components of imported crude oil into a group of different oil derivatives. and relies in most of its operations on a license from the American UOP company.

b) **Distribution**: Distribution constitutes the link between the production and refining activities within the company on the one hand, and between all customers in the different regions of the Kingdom on the other hand, as it is responsible for meeting all customers' requests for the company's products of oil derivatives and gas.

c) **Manufacturing of Lube-oil**: This sector includes the manufacture, production and packaging of many types of mineral oils required in the local and foreign markets.

d) **Manufacturing and Filling of Liquefied Gas**: This sector includes the production and filling of liquefied gas, manufacture, repair and maintenance of gas cylinders, as it is filled in three of the company's stations.

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

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

	December 31, 2021				
	Refinery and gas cylinders filling activity	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Other	Total
	JD	JD	JD	JD	JD
Profit for the year before tax	24,985,243	8,603,478	30,772,965	118,908	64,480,594
Total sector's assets	841,446,567	31,634,086	363,925,962	6,458,786	1,243,465,401
Total sector's liabilities	698,491,477	23,589,356	258,433,439	322,818	980,837,090

	December 31, 2020				
	Refinery and gas cylinders filling activity	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Other	Total
	JD	JD	JD	JD	JD
(Loss) Profit before tax for the year	(21,506,238)	7,831,677	(4,094,622)	100,729	(17,668,454)
Total sector's assets	735,728,238	31,003,156	322,450,338	4,789,005	1,093,970,737
Total sector's liabilities	614,333,424	23,427,307	239,955,649	271,945	877,988,325

The following are the Company's business results analysis according to activity type (before consolidating the business results):

		For the year Ended December 31, 2021				
	Note	Refining activity & and gas cylinders filling	Oil factory	Jordan Petroleum Products Marketing Company	Other	Total
		JD	JD	JD	JD	JD
Net Sales	23	971,526,203	23,465,978	845,540,259	-	1,840,532,440
Less: Cost of sales	24	(919,125,330)	(12,805,425)	(777,499,334)	-	(1,709,430,089)
Gross profit from sales		52,400,873	10,660,553	68,040,925	-	131,102,351
Add: Operating income and other		12,856,106	101,120	2,817,031	-	15,774,257
Gross profit		65,256,979	10,761,673	70,857,956	-	146,876,608
Less: Selling and distribution expenses		(29,261,778)	(1,605,259)	(24,871,625)	-	(55,738,662)
General and administrative expenses	27	(6,867,764)	(349,635)	(3,434,569)	-	(10,651,968)
Bank interest and commissions		(18,971,331)	-	(2,720,477)	118,908	(21,572,900)
Lawsuits provision	18	(90,932)	-	(885,780)	-	(976,712)
Expected credit losses provision	9/J	-	(203,301)	(2,299,874)	-	(2,503,175)
Released from slow-moving and obsolete inventory and sediments	10	406,590	-	-	-	406,590
Storage fees provision	18/H	(943,845)	-	-	-	(943,845)
Employees' vacations provision	18	(94,309)	-	-	-	(94,309)
Released from work injuries compensation		-	-	-	-	-
Income from storage of strategic inventory		1,588,918	-	-	-	1,588,918
Interest income resulting from government's delay		13,962,715	-	-	-	13,962,715
Lease liabilities interest	16	-	-	(2,872,666)	-	(2,872,666)
Interest resulting from the acquisition of a subsidiary		-	-	-	-	-
Amortization of intangible assets	15	-	-	(3,000,000)	-	(3,000,000)
Profit for the Year before Income Tax		24,985,243	8,603,478	30,772,965	118,908	64,480,594
Income tax expense for the year	19	(4,368,483)	(1,466,784)	(6,401,757)	-	(12,237,024)
Profit for the Year		20,616,760	7,136,694	24,371,208	118,908	52,243,570

	Note	For the year Ended December 31, 2020				
		Refining activity & and gas cylinders filling	Oil factory	Jordan Petroleum Products Marketing Company	Other	Total
		JD	JD	JD	JD	JD
Net Sales	23	751,875,074	20,835,994	581,461,124	-	1,354,172,192
Less: Cost of sales	24	(759,823,620)	(10,957,451)	(547,163,275)	-	(1,317,944,346)
Gross (Loss) profit from sales		(7,948,546)	9,878,543	34,297,849	-	36,227,846
Add: Operating income and other		15,100,147	32,461	2,303,476	-	17,436,084
Gross profit		7,151,601	9,911,004	36,601,325	-	53,663,930
Less: Selling and distribution expenses		(30,594,123)	(1,479,242)	(23,992,980)	-	(56,066,345)
General and administrative expenses	27	(8,824,666)	(253,648)	(3,987,650)	-	(13,065,964)
Bank interest and commissions		(20,544,898)	(4,741)	(2,429,978)	100,729	(22,878,888)
Released from lawsuits provision	18	113,842	-	-	-	113,842
Released from (Provision) for expected Credit losses	9/J	160,175	(341,696)	(4,648,474)	-	(4,829,995)
Released from slow-moving and obsolete inventory and sediments	10	9,553,951	-	-		9,553,951
Provision for storage fees	18/H	(3,064,510)	-	-	-	(3,064,510)
Released from employees' vacations	18	249,822	-	-	-	249,822
Released from work injuries compensation		3,234,886	-	-	-	3,234,886
Income from storage of strategic inventory		7,842,786	-	-	-	7,842,786
Interest income resulting from government's delay		13,214,896	-	-	-	13,214,896
Lease liabilities interest	16	-	-	(2,547,910)	-	(2,547,910)
Interest resulting from the acquisition of a subsidiary		-	-	(88,955)	-	(88,955)
Amortization of intangible assets	15	-	-	(3,000,000)	-	(3,000,000)
(Loss) Profit for the Year before Income Tax		(21,506,238)	7,831,677	(4,094,622)	100,729	(17,668,454)
Income tax surplus (expense) for the year	19	3,943,433	(1,331,384)	778,066	-	3,390,115
(Loss) Profit for the Year		(17,562,805)	6,500,293	(3,316,556)	100,729	(14,278,339)

36. The Future Plan

Regarding the fourth expansion project, three offers were received from three consortiums for the implementation phase of the EPCF project on November 27, 2021, the project management contractor PMC Company Technip UK Branch is currently studying the technical offer packages, and sending inquiries to all consortiums.

In order to complete the evaluation of the offers and to search and discuss offers with the consortium contractors, and to ensure their compliance with all the project requirements as listed in the bid specification, several meetings were held via video communications with all the contractors in the presence of the project management contractor and field visits to the refining units at the company's site will be arranged so that the contractors can complete the deficiencies in their offers, in addition face-to-face meetings will be arranged with the contractors in the company's offices.

It is planned that the selection of the contractor to be delt with will be completed no later than the third quarter of 2022, as the implementation of the project will begin upon completion of the work related to the financial closure, which is expected to be reached in the last quarter of 2022.

It was also agreed with AON Company to appoint them as an insurance consultant for the fourth expansion project, to cover aspects related to policies, programs and insurance requirements for the project to meet the requirements of financiers and investors. AON Company will also conduct a study to determine what needs to be done to include the Business Interruption policy in the financial closing stage (in addition to the policies currently operating in line with investor’s demand), and in addition, ECO and WKC Companies have been assigned to work as an environmental experts (as they have prepared the environmental assessment study of the project) The two companies have worked to prepare a gap study in order to assess the environmental and social impact of the project and are currently updating the terms of reference in coordination with the Ministry of Environment to cover the operating refining units upon the request of the Ministry of Environment and merging them with the environmental assessment documents of the project, in addition environmental audit procedures for the current refining facilities have been started to identify the necessary environmental corrections and include them in the terms of reference.

With regards to the procedures for financing the fourth expansion project, and after completing the preparation of the documents demanded by the investors, the financial advisor, Standard Chartered Bank, started contacting the company’s major shareholders (Social Security and the Islamic Bank for Development) and the investors who want to contribute to finance the fourth expansion project (such as the Saudi Jordanian Investment Fund, etc.).

Noting that the necessary documents requested by investors have been completed and provided to them, and many investors have submitted letters of interest in financing the project, and the stage of verification studies (Due Diligence) will be launched at the investors' request.

The company obtained all the necessary licenses from the Energy Regulatory Authority to continue carrying out its various activities. The company obtained a license to practice refining and storage activity, a license to practice liquefied gas activity, a license to practice lube oil activity, a license to practice central distribution activity for liquefied gas, in addition to a permit to build the fourth expansion project for JPRC.

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

In light of the recovery of crude oil prices and oil derivatives, and as a result of the gradual return to normal life in light of the adaptation of the countries of the world to coexistence with the Covid-19 pandemic, the company’s results show an obvious improvement, and the company was able to compensate for its realized losses in 2020 and has achieved unprecedented profits for this year.

Jordan Petroleum Products Marketing Company continues along the path of development ,expansion and manage new stations, until the third quarter of 2021, it has opened and managed : Burj Al Haya Station / Alquaira, Khrais Station / Irbid, Al Jundi Station / Al-Zarqa, Al-Jaludi station/ the radio. Sakhr Al-Sukhour Station / Al Giza, Al-Sukhna station, Al-Hourani station / the radio, Al-Anaizat station / Abu Nsair, Al-Hallas station/ Al-Quwaira, Jerash station/ Kafr Khel, Wadi Musa station / Petra, Al-Ra’i station / Mafraq, Umm Al-Basateen station / Naour, Ismail Al-Khatib station /Ma’an, Al Karak station /Zay, Al-Lawzi station /Jubeiha, Marka station /Abu Tin, Al-Mashaheer station, Al-Khatib 2 station, Al-Mutakamela station /Marka, Al-Aqsa station, Suha Abdel-Latif station, and Al-Shehab station / Al-Subaihi.

It should be noted that at the beginning of 2022, Al-Saqqa station / 100th Street, Al-Zeinat station / Wadi Al-Rumam, and Matakri station were opened and managed.

It is planned that until the end of 2022 to open and manage the back road station / Aqaba, Al al-Bayt University station, the royal court station, the royal guard station, the Azraq base station, the Gardens Street station / Amman, the Qatraneh station / Ruba al-Amir, and the Sudani station / Zarqa, Mustafa Yassin station / Al-Wahadna, Al-Faisaliah station /Dibs, Benno station /Sweileh, Al-Shishani station /Sweileh, Beit Ides station, Abdullah Ghosheh Street station, Al-Shidiyah station, and the Al-Sakhr Al-Zaiti station, in addition to continuing to renovate the old stations.

The Jordan Petroleum Products Marketing Company has also developed, until the third quarter of 2021, a system for customer requests transfer by activating smart applications through smart systems for fuel requests and sending and delivering stations requests in an automated manner, in addition to activating the electronic payment service for all services provided by the company through e-FAWATEERCOM include recharging the balance of cards, paying for fuel requests, or prepaying electronically for home distribution requests, and for factories and companies.

The automation system for gas station and the electronic card system have also been developed by adding the feature of activating the card's password service and controlling the vehicle's expense and fuel consumption according to the distance traveled in kilometers according to the vehicle meter or by linking the vehicle to GPS vehicle tracking systems, in addition to developing an Radio-frequency Identification (RFID) system for filling and electronic control by changing prices for all owned stations and managed from the control room.

The company held training courses that is specialized with the recent developed health and safety management systems and the mechanism for dealing with hazardous materials in terms of road transport for all company tankers drivers.

It is planned in 2022 that the company will obtain international quality certificates in managing the quality of services and products, health and safety management systems and environmental management systems with the highest internationally approved standards , and to continue provide all the employees with an intensified trainings on the latest health and safety management systems, providing them with all the necessary equipment and applying the latest systems in protecting Facilities against theft and dangers.

Also, the TV monitoring system is applied to the home distribution transport fleet tanks through the central control room in addition to automating tank counters and their inventory and automating the requests of home distribution customers through the application of automated simulation systems with customers in terms of demand and delivery.

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

With regard to the activity of lube oils, the company has completed the project of modifying the designs of the packages used to fill its products, where the designs of packages of (20) and (25) liters were modified in order to reduce counterfeiting and imitation of Jopetrol oils products with more attractive designs, experimental packages were produced and new designs were registered In the Chamber of Industry and Commerce to preserve ownership, the final approval was obtained, and the production of these packages will start during the second quarter of 2022.

As part of the oil factory development plan, work is currently underway to purchase and install a new production line for filling 1-liter bottles. The tender has been submitted and is in progress while the installation and operation process is expected to be completed during the last quarter of 2022, and within the cost reduction plan, work is under way to purchase and install a mixing system for some of the additives, as the tender was submitted and it is under implementation, it is expected that the installation and operation process will be completed during the third quarter of 2022, and the installation of new tanks to expand the import of additives in bulk form in flexible tanks with a volume of (20) cubic meters, and the installation of Solar electricity generation system, where the tender has been submitted, and it is expected that the installation will be completed during the second quarter of 2022.

The plan includes improving the general appearance of the factory and its infrastructure, completing the development of production lines by rehabilitating some lines, purchasing new lines, and improving the storage capacity of ready-made oils by installing additional overhead tanks, as well as modernizing a set of tank pumps.

Work is also underway to continue developing the lube oil laboratory by purchasing new and modern testing devices in order to raise the level of reliability and qualify it to examine used lube oils to raise the level of after-sales service. Noting that the lube oil lab has the accreditation from standards and specifications unit. The plan also includes producing new type of lube oils with higher performance levels such as API SP performance grade gasoline engine oil and CJ performance grade diesel engine oil.

As for the export, it is part of the factory's plan to expand export to include Sudan and Yemen and to expand export to Chad to include all regions of Chad in addition to its neighboring regions such as Libya and Cameroon, and to continue exporting to Iraq, Lebanon, Liberia, Palestine, and Georgia. Work is also underway to complete the development of finished goods freight vehicles by buying new vehicles.

Among the plan is the automation of work procedures, radar systems will be installed for base oil tanks and mixing tanks in the oil factory, noting that the bid has been submitted and the installation and operation work is expected to be completed during the third quarter of 2022, and computerized systems are currently being updated to link work procedures between the various activities of the factory to become electronic.

It is worthy to mention that the company is in the process of activating the Jordan Lube Oils Manufacturing Company during 2022 and attaching the entire mineral oil activity, including the lube oil factory to this company, after obtaining the necessary license to practice this activity from the Energy Sector Regulatory Commission.

37. Fair Value Hierarchy

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

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

Financial Assets	Fair Value as at December 31, 2021	Fair Value as at December 31, 2020	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	**2,630,051**	**2,257,261**	Level 1	Stated prices in financial markets	Not applicable	Not applicable
Total financial assets at fair value	**2,630,051**	**2,257,261**				

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

B. The fair value of financial assets and financial liabilities of the Company not specified at fair value on an ongoing basis:

We believe that the book value amounts of the financial assets and financial liabilities reflected in the Company's consolidated financial statements approximate their fair values as Investment properties and gas stations were evaluated for the subsidiaries upon acquiring.

38. Subsequent Events:

A. The company obtained all the necessary licenses from the Energy Regulatory Authority to continue carrying out its various activities. The company obtained a license to practice refining and storage activity, a license to practice liquefied gas activity, and all its filling stations a license to practice lube oil activity, a license to practice central distribution activity for liquefied gas for all its filling stations, in addition to a permit to build the fourth expansion project for JPRC.

B. Proposed dividends: the Company's Board of Directors decided in its meeting held on March 30, 2022, to recommend to General Assembly of Shareholders to distribute cash dividends of 25% of the Company's Paid-up capital.

C. Reserves: the Company's Board of Directors decided In its meeting held on March 30, 2022, to recommend to General Assembly to allocate an amount of JD 12,896,118 to voluntary reserve, and an amount of JD 12,896,118 to the fourth expansion project reserve, and to deduct 10% from net annual profits of the activity of Jordan Petroleum Products Marketing Company to the statutory reserve, and to continue ceasing to deduct 10% as statuary reserve from the net annual profits of the Company's activities.