AFAQ Energy PLC

الرقم: GA/16-003

عمان في ٢٠١٧/٣/١٥

السادة / هيئة الأوراق المالية المحترمين.

دائرة الافصاح

المملكة الأردنية الهاشمية

تحية طيبة وبعد،،،

نود إعلامكم بأن اجتماع الهيئة العامة العادي الثامن للشركة سيتم عقده يوم الاحد الموافق ٢٠١٧/٤/٩ في تمام الساعة الثانية عشرة ظهراً ، في جبري المركزي شارع وصفي التل (شارع الجاردنز سابقاً) ، وذلك لمناقشة الأمور الواردة في جدول الأعمال.

مرفق نسخة عن ميزانية الشركة المدققة اضافة الى التقرير السنوي لها عن عام ٢٠١٦ ، كما نرفق لكم طيه نسخة عن الدعوة المرسلة لمساهمي الشركة للإجتماع.

وعلية يرجى التكرم باجراء اللازم.

وتفضلوا بقبول فائق الاحترام والتقدير ،،،

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٢٢ آذار ٢٠١٧
الرقم التسلسل ١١٧٨١٦
الجهة المختصة

شركة آفاق للطاقة ش.م.ع
AFAQ Energy Amman - Jordan
AFAQ ENERGY PLC

المدير العام

المهندس ياسر المناصير

نسخة / السادة مركز ايداع الاوراق المالية.

نسخة / السادة بورصة عمان.

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AFAQ FOR ENERGY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Afaq For Energy Public Shareholding Company
Amman- Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Afaq For Energy Public Shareholding Company (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 financial position of the Group as at 31 December 2016, and its financial performance and its 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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. For each matter below, our description of how our audit addressed the matter provided in that context.

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.

Revenue recognition

The Group's revenues amounted to JD 771,149,434 (2015: JD776,825,247), out of this total gas stations sales from petroleum products equaled to JD 752,392,283 (2015: JD 761,795,264) representing 98% of total revenues. The fuel sale prices are determined by the government of Jordan based on the distribution agreement signed between the Group and the Ministry of Energy and Mining Resources on 20 November 2013. There is a risk that, if revenue not recognized in the appropriate period and according to the prices as per the distribution agreement, this could misstate earnings of the Group.

How key audit matter was addressed

Our audit procedures included the following:

- We assessed the appropriateness of the Group's revenue recognition accounting policies in accordance with International Financial Reporting Standards and distribution agreement;
- We obtained understanding, tested and evaluated the Group's controls over revenue recognition.
- We performed year-end cut-off audit procedures to assess whether revenue had been recorded in the correct period.
- Having built expectations about the expected revenues for the year we performed substantive analytical procedures using financial and non-financial information.
- We have compared the monthly sales prices per accounting records to the retail prices of petroleum products published by the Ministry of Energy and Mining Resources.

The details for Group revenues disclosed in note (20) of the consolidated financial statements.

Completeness of provision for doubtful debts and cheques under collection

The Group's trade receivable and cheques under collection related to multiple customers net of allowance for doubtful debts amounted to JD 42,628,648 as of 31 December 2016 (2015: JD 30,445,864. There is a risk of uncertainty over collectability of receivables from certain customers, which could misstate earnings of the Group.

The determination as to whether a trade receivable and cheques under collection are collectible involves management judgment. Management considers specific factors including the age of the balance, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. The management use these information in order to determine the provision for a certain transaction or for the full balance.

We focused on this area since it requires a high level of management judgment and since the valuation of allowance for doubtful accounts receivable and cheques under collection may have a significant impact on the earnings.

How key audit matter was addressed

Our audit procedures included the following:

- We tested on a sample basis of accounts receivable balances where impairment indication existed and no provision recognized. This included verifying if collection is made after the financial year ended, reviewing historical payment patterns and any correspondence with customers on expected settlement dates.
- We obtained a lawyer letter for legal cases raised against customers to assess the collectability of their accounts receivables and the sufficiency of allowance for doubtful debts taken against them.

Disclosures of allowance for doubtful debts and cheques under collection are detailed in note (9) to the consolidated financial statements.

Recognition of related party transactions

The Group's due from related parties amounting to JD 7,518,321 (2015: JD11,033,013) and due to related parties amounting to JD 13,548,215 as of 31 December 2016 (2015: JD13,994,368).The Group has significant transactions with related parties in the form of revenues, expenses and capital expenditures for the year ended. There is a risk that, if not at arm's length or not reflecting the goods or services provided in the period, such transactions could be used to manipulate earnings or to distribute profits. Related parties, which are the most risky from the audit perspective, are those with material outstanding balances and having higher number transactions.

How key audit matter was addressed

Our audit procedures included the following:

- We have evaluated the appropriateness of management's procedures to identify and record related party transactions.
- We have vouched material agreements with related parties to understand the nature of the transactions.
- We preformed confirmation procedures by obtaining confirmations and statement of accounts from all related parties, vouch them, and test on a sample basis these transaction with the supporting documents and management approvals.

Disclosures of related parties are detailed in note (10) to the consolidated financial statements

Other information included in the Group's 2016 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.
Our opinion on the consolidated] financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated] financial statements, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for theConsolidated 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 theConsolidated 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 exist. 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 ISAs, we exercise professional judgment 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 risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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 evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures 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 Group to cease to continue as a going concern.

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

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- 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 performance 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts and the accompanying consolidated financial statements.

Ernst & Young Ernst & Young/ Jordan

Mohammad Ibrahim Al- Karaki
License No. 882

Amman-Jordan
20 March 2017

AFAQ FOR ENERGY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016	2015
		JD	JD
ASSETS-			
Non-current assets-			
Property and equipment	4	210,933,439	192,901,966
Projects in progress	5	17,677,063	7,534,820
Intangible assets	6	18,987,404	21,987,404
Strategic fuel inventory	7	4,475,090	4,430,595
		252,072,996	226,854,785
Current assets-			
Inventories	8	16,602,965	10,352,686
Accounts receivable and cheques under collection	9	42,628,648	30,445,864
Due from related parties	10	7,518,321	11,033,013
Financial assets at fair value through profit or loss	11	134,000	26,250
Other current assets	12	3,821,707	4,167,273
Cash on hand and at banks	13	33,810,349	19,609,751
		104,515,990	75,634,837
TOTAL ASSETS		356,588,986	302,489,622
EQUITY AND LIABILITIES			
Equity-	14		
Paid in capital	1	110,000,000	110,000,000
Statutory reserve		11,326,435	8,775,731
Retained earnings		23,420,395	20,543,363
Total equity		144,746,830	139,319,094
Non-current liabilities-			
Loans and Murabaha	15	19,079,833	8,004,606
Due to governmental entities- long term	16	-	4,280,000
Due to related parties - long term	10	-	2,000,000
		19,079,833	14,284,606
Current liabilities-			
Due to banks	13,17	67,991,872	55,007,701
Loans and Murabaha- short term	15	37,515,419	23,804,503
Due to related parties	10	13,548,215	11,994,368
Due to governmental entities- short term	16	4,280,000	4,280,000
Post-dated cheques – short term		3,119,320	3,132,733
Income tax provision	18	3,514,674	2,863,657
Governmental deposits		30,710,248	20,910,351
Due to Jordan Petroleum Refinery Company Ltd.		19,260,551	14,690,998
Accounts payable and other current liabilities	19	12,822,024	12,201,611
		192,762,323	148,885,922
TOTAL LIBILIETIES		211,842,156	163,170,528
TOTAL EQUITY AND LIABILITIES		356,588,986	302,489,622

The attached notes from 1 to 27 form part of these consolidated financial statements

AFAQ FOR ENERGY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		JD	JD
Revenues	20	771,149,434	776,825,247
Cost of revenues		(736,009,199)	(747,191,251)
Gross profit		35,140,235	29,633,996
General and administrative expenses	21	(4,872,776)	(3,550,847)
Finance costs		(4,204,223)	(4,501,301)
Provision for doubtful debts	9	(500,000)	-
Depreciation	4	(790,051)	(490,942)
Other income		733,858	552,531
Profit for the year before tax		25,507,043	21,643,437
Income tax expense	18	(4,679,307)	(3,973,697)
Profit for the year		20,827,736	17,669,740
Add: other comprehensive income items		-	-
Total comprehensive income for the year		20,827,736	17,669,740
		(JD/ Fills)	(JD/ Fills)
Basic and diluted earnings per share		0/189	0/161

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Paid in capital	*Statutory reserve*	*Retained earnings*	*Total*
	JD	*JD*	*JD*	*JD*
Balance as of 1 January 2016	110,000,000	8,775,731	20,543,363	139,319,094
Total comprehensive income for the year	-	-	20,827,736	20,827,736
Transfer to statutory reserve	-	2,550,704	(2,550,704)	-
Dividends (note 14)	-	-	(15,400,000)	(15,400,000)
Balance as of 31 December 2016	110,000,000	11,326,435	23,420,395	144,746,830
Balance as of 1 January 2015	110,000,000	6,611,387	20,437,967	137,049,354
Total comprehensive income for the year	-	-	17,669,740	17,669,740
Transfer to statutory reserve	-	2,164,344	(2,164,344)	-
Dividends (note 14)	-	-	(15,400,000)	(15,400,000)
Balance as of 31 December 2015	110,000,000	8,775,731	20,543,363	139,319,094

The attached notes from 1 to 27 form part of these consolidated financial statements

AFAQ FOR ENERGY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		JD	JD
Operating activities			
Profit for the year before tax		25,507,043	21,643,437
Adjustments for:			
Depreciation and amortization	4,6	8,677,724	7,348,258
Provision for doubtful debts	9	500,000	-
Unrealized loss (gain) of financial assets at fair value through profit or loss		2,250	(7,250)
Finance costs		4,204,223	4,501,301
Loss from disposal of property and equipment		61,589	64,437
Strategic fuel inventory valuation (gain) loss	7	(44,495)	1,686,804
Working capital adjustments			
Accounts receivable and cheques under collection		(12,682,784)	(646,058)
Inventories		(6,250,279)	3,883,014
Other current assets		345,566	225,196
Due from related parties		3,514,692	(2,924,056)
Post-dated cheques		(13,413)	1,204,458
Due to related parties		(446,153)	(772,880)
Due to governmental entities		(4,280,000)	(4,280,000)
Governmental deposits		9,799,897	2,609,772
Accounts payable and other current liabilities		5,189,966	(475,503)
Net cash flows from operating activities before paid tax		34,085,826	34,060,930
Income tax paid	18	(4,028,290)	(2,913,676)
Net cash flows from operating activities		30,057,536	31,147,254
Investing activities			
Purchase of property and equipment and projects in progress	4, 5	(34,090,041)	(37,843,101)
Proceeds from sale of property and equipment		177,012	77,100
Purchase of financial assets at fair value through profit or loss		(110,000)	-
Net cash flows used in investing activities		(34,023,029)	(37,766,001)
Financing activities			
Dividends paid	14	(15,400,000)	(15,400,000)
Loans and Murabaha		24,786,143	1,817,904
Finance cost paid		(4,204,223)	(4,501,301)
Net cash flows from (used in) financing activities		5,181,920	(18,083,397)
Increase (decrease) in cash and cash equivalents		1,216,427	(24,702,144)
Cash and cash equivalents at 1 January		(35,397,950)	(10,695,806)
Cash and cash equivalents at 31 December	13	(34,181,523)	(35,397,950)

The attached notes from 1 to 27 form part of these consolidated financial statements

(1) GENERAL INFORMATION

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

The main objectives of the Company is to invest or to participate in the capital of the companies that operate in the energy sector.

Jordan Modern Oil and Fuel Services Company (subsidiary) signed an agreement with the Ministry of Energy and Natural Resources on 20 November 2013 in which the company granted the right of distributing and marketing the oil products in addition to any other oil services authorized in Jordan for a period of ten years from the commercial Operations start date.

The head office of the Company is located in Amman - Hashemite Kingdome of Jordan.

The consolidated financial statements were approved by the board of directors in their meeting held on 9 April 2017

(2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(2.1) Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards.

The consolidated financial statements have been presented in Jordanian Dinar, which is the functional currency of the Group.

The consolidated financial statements have been prepared under the historical cost convention.

(2.2) Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015 except of implementing the followings amendments:

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)
In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

IAS 1 *Presentation of Financial Statements – Amendments to IAS 1*

The amendments to IAS 1 include narrow-focus improvements related to:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

Investment entities (Amendments to IFRS 10 and IAS 28)
The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortization*
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The implementation of the new amendments did not have impact on the Group's financial position or performance.

(2.3) Basis of consolidation of financial statements

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

			Ownership percentage	
Name of the company	Main activity	Country of incorporation	December 31, 2016	December 31, 2015
Jordan Modern Oil and Fuel Services Company*	Fuel marketing	Jordan	100%	100%
Jordan Modern Importing and Exporting Company (Free Zone)**	Mineral oils marketing	Jordan	100%	100%
Jordan Modern Food Trading Company (Lumi) ***	Commercial	Jordan	100%	100%

* Jordan Modern Oil and Fuel Services Company was established as a limited liability company on 10 April 2003 and was registered in the Companies Control Department under license number (7842) with an authorized and paid in capital of JD 15,000,000, divided into 15,000,000 shares with a par value of JD 1 per share owned by Afaq for Energy PLC. On 5 September 2006 the Company established a branch in Aqaba Special Economic Zone Authority under license number (1105072802).

The objectives of the Company is to establish, own and manage gas stations , sale of all types of fuel and petroleum products and transporting of crude oil and petroleum products through tankers on the roads, and the import and export of oil and provide fuel services, and wholesale and retail trade in tires.

The Company signed an agreement with the Ministry of Energy and Natural Resources on 20 November 2012 in which the company granted the right of distributing and marketing the oil products in addition to any other oil services authorized in Jordan for a period of ten years from the commercial operations start date. The commercial operations has started in May 2013.

** Jordan Modern Importing and Exporting Company (Free Zone) was established as a limited liability company on 23 April 2012 and was registered in the Companies Control Department under license number (1948) with an authorized and paid in capital of JD 100,000, divided into 100,000 shares with a par value of JD 1 per share owned by Afaq for Energy PLC.

The objectives of the Company is import and export and general trade and storage and the purchase and ownership of land and development.

*** Jordan Modern Food Trading Company (Lumi) was established as a limited liability company on 15 July 2012 and was registered in the Companies Control Department under license number (29285) with an authorized and paid in capital of JD 50,000, divided into 50,000 shares with a par value of JD 1 per share owned by Afaq for Energy PLC.

The objectives of the Company is sale of grocery, meat, vegetables , fruits, and other dairy products.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

  When the Group has less than a majority of the voting or similar rights of an investee. The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies to conform with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss.

(3) SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment (except land) are stated at cost, less accumulated depreciation and any impairment in value. The cost of property, equipment and accumulated depreciation is eliminated from the sale or disposal of property and equipment. Any gain or loss is recognized in the consolidated statement of comprehensive income.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets using annual percentages as follows:

	Annual rate of depreciation
Buildings	2%
Equipment and tools	10-20%
Vehicles and tanks	15%
Computers and systems	10-33%
Furniture and fixtures	10%
Billboards	10-15%

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount and impairment loss is recognized in the consolidated statement of comprehensive income.

Projects in progress

Projects in progress are stated at cost. This includes the cost of materials, direct salaries and wages on the projects and other direct costs.

Intangible assets

Intangible assets are carried at cost less any accumulated amortization. Intangible assets represents the license of oil distribution based on agreement signed with Ministry of Energy and Natural Resources.

Intangible assets are being amortized over the agreement period of ten years from the commercial operation date in May 2013.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the weighted average method.

Accounts receivable

Accounts receivable are recorded at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full or part of the amount is no longer probable.

Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash on hand, cheques under collection due in one month and cash at banks, less due to bank.

Loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method.

Interest is recognized on long term loans during the year in which the income statement is accrued. Interest on long- term loans to finance project under construction is capitalized as part of the cost of these projects.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer when goods are delivered.

Revenue from distribution is recognized when service is provided to customers when goods are delivered.

Revenue from rent is recognized over the term of the rent contract.

Interest revenue is recognized as interest accrues using the effective interest method.

Income tax

Current income tax for the year 2016 is calculated in accordance with the Income Tax Law No. 34 of 2014 and IAS 12 in which this standard states recognition for differed tax arising from the difference between the accounting and tax value of assets and liabilities.

Impairment of financial assets

The Company assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets are impaired. A financial asset or a group of financial assets are considered impaired when there is objective evidence of impairment as a result of one or more events (loss event) that occur after the asset's initial measurement, that will have a direct and reasonably estimated impact on its future cash flows. Permanent impairment indicators could comprise of indications that the borrower or a group of borrowers are facing significant financial difficulties, or neglect, or default in making interest or principal payments, and are likely to be subject to bankruptcy or financial restructuring. Furthermore, permanent impairment indicators exist when observable data indicates the existence of a measurable decrease in estimated cash flows such as changes in the Group's economic conditions due to negligence.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Foreign currency translation

Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the statement of financial position date.All differences are taken to the consolidated statement of comprehensive income.

Offsetting

Offsetting between financial assets and financial liabilities and presenting the net amount on the consolidated statement of financial position is performed only when there are legally-enforceable rights to offset, the settlement is on a net basis, or the realization of the assets and satisfaction of the liabilities is simultaneous.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments which are measured based on the reporting to management and the decision makers in the Group,

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

(1) Useful life of property and equipment

The Group's management estimates the useful life for property, plant and equipment for the purpose of calculating depreciation by depending on the expected useful life of these assets. Management reviews the remaining book value and useful life annually. Future depreciation expense is adjusted if management believes that the remaining useful life of the assets differs from previous estimations.

(2) Provision for slow moving inventory

The Group's management performs an annual study on the ageing and value of inventory and based on the results of the study, a provision is taken against inventory proportional to its ageing and value.

(3) Provision for doubtful debts

The Group's management reviews the credit limits granted to its customers periodically. When customers do not commit to their obligations to pay, and after the additional grace period granted, and after taking appropriate legal action, a provision is booked against the receivable balance until collected or it will be written off.

(4) PROPERTY AND EQUIPMENT

2016	Land*	Buildings	Vehicles and tanks	Equipment and tools	Computers and systems	Furniture and Fixtures	Billboards	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cost								
Balance at 1 January 2016	94,790,164	87,034,538	20,562,706	7,055,916	4,265,827	1,133,587	1,015,808	215,858,546
Additions	4,520,000	5,081,624	3,647,460	2,029,516	932,886	147,371	54,121	16,412,978
Transfers from projects in progress	4,951,284	2,492,568	-	43,627	41,842	5,499	-	7,534,820
Disposals	-	(13,604)	(284,755)	(78,274)	(30,539)	(388)	-	(407,560)
Balance at 31 December 2016	104,261,448	94,595,126	23,925,411	9,050,785	5,210,016	1,286,069	1,069,929	239,398,784
Accumulated Depreciation								
Balance at 1 January 2016	-	7,338,795	10,327,245	1,915,870	2,391,268	440,188	543,214	22,956,580
Charge for the year	-	1,702,258	2,202,963	924,314	597,091	119,164	131,934	5,677,724
Disposals	-	(11,604)	(131,761)	(3,604)	(21,602)	(388)	-	(168,959)
Balance at 31 December 2016	-	9,029,449	12,398,447	2,836,580	2,966,757	558,964	675,148	28,465,345
Net book value at								
31 December 2016	104,261,448	85,565,677	11,526,964	6,214,205	2,243,259	727,105	394,781	210,933,439

* Land lots owned by Jordan Modern Oil and Fuel Services Company (subsidiary) with a carrying value of JD 48,280,259 are pledged as collateral against the bank loans granted to the Group (note 15).

2015	Land	Buildings	Vehicles and tanks	Equipment and tools	Computers and systems	Furniture and Fixtures	Billboards	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cost								
Balance at 1 January 2015	81,539,289	76,455,340	15,866,328	5,170,101	3,740,560	1,009,813	963,557	184,744,988
Additions	13,250,875	9,722,632	4,896,711	1,924,358	542,981	123,774	52,251	30,513,582
Transfers from projects in progress	-	856,566	-	-	-	-	-	856,566
Disposals	-	-	(200,333)	(38,543)	(17,714)	-	-	(256,590)
Balance at 31 December 2015	94,790,164	87,034,538	20,562,706	7,055,916	4,265,827	1,133,587	1,015,808	215,858,546
Accumulated Depreciation								
Balance at 1 January 2015	-	6,092,669	8,690,410	1,282,030	1,910,931	333,323	414,012	18,723,375
Charge for the year	-	1,246,126	1,744,378	634,178	487,509	106,865	129,202	4,348,258
Disposals	-	-	(107,543)	(338)	(7,172)	-	-	(115,053)
Balance at 31 December 2015	-	7,338,795	10,327,245	1,915,870	2,391,268	440,188	543,214	22,956,580
Net book value at								
31 December 2015	94,790,164	79,695,743	10,235,461	5,140,046	1,874,559	693,399	472,594	192,901,966

Depreciation charge for the year is included in cost of revenue and depreciation expense as follows:

	2016	2015
	JD	JD
Cost of revenue	4,887,673	3,857,316
Depreciation expense	790,051	490,942
	5,677,724	4,348,258

(5) PROJECTS IN PROGRESS

	Expected total cost of project	Expected completion date	2016	2015
	JD		JD	JD
Muqablain (Asfuor) fuel station project	1,800,000	January 2017	1,795,362	-
Bait Omar restaurant project	719,487	February 2017	625,553	-
Wadi Al Rimam fuel station project	705,740	March 2017	644,260	-
The Jordan Vally Potash fuel station project	1,055,740	March 2017	851,438	-
Al Yadoodeh 2 fuel station project	935,492	April 2017	164,508	-
Al Mafraq 2 fuel station project	800,000	August 2017	549,543	-
Al Mashare fuel station project	1,700,000	January 2017	1,683,171	-
Dead sea 1 fuel station project	1,500,000	March 2017	1,224,138	-
Dead sea 2 fuel station project	1,000,000	February 2017	904,628	-
Wadi Saqra fuel station project	1,000,000	January 2017	982,812	-
Ma'an fuel station project	1,000,000	April 2017	808,574	-
Al Taneeb fuel station project	1,312,486	April 2017	487,514	-
Al Madouneh fuel station project	1,700,000	February 2017	1,603,823	-
Al Madouneh warehouse project	500,000	February 2017	414,180	-
Electric cars chargers project	140,000	October 2017	101,398	-
Storage project	4,930,329	June 2017	39,672	-
Arab army station project	3,300,000	August 2017	2,804,045	-
Solar power project	1,812,055	October 2017	16,954	-
Al Hizam 3 fuel station project	2,000,000	April 2017	1,748,541	-
Al Abdali fuel station project	107,000	January 2017	106,470	-
Irbid fuel station project	1,466,796	March 2016	-	1,457,350
Tafila Osais fuel station project	1,709,747	January 2016	-	1,299,650
Al Hizam 2 fuel station project	1,350,000	April 2016	-	1,111,376
Al Yadoda fuel station project	1,300,000	March 2016	-	953,292
Zarqa Freezone fuel station project	1,000,000	April 2016	-	698,008
Al Shoabak fuel station project	1,200,000	June 2016	-	583,657
Al Karak fuel station project	1,200,000	June 2016	-	522,762
Al Hoson fuel station project	1,300,000	August 2016	-	479,298
Ajloun fuel station project	1,200,000	August 2016	-	316,891
Other fuel stations projects	-	-	120,479	112,536
			17,677,063	7,534,820

Movement on projects in progress was as follows:

	2016	2015
	JD	JD
Balance at the beginning of the year	7,534,820	1,061,867
Additions*	17,677,063	7,329,519
Transfers to property and equipment	(7,534,820)	(856,566)
Balance at end of the year	17,677,063	7,534,820

* The interest of project loans under construction for Jordan Modern Oil and Fuel Services Company (a subsidiary) was capitalized amounting JD 1,227,004 during 2016 (2015: JD 104,168)

(6) INTANGIBLE ASSETS

Intangible assets represents the value of the license of oil distribution. Jordan Modern Oil and Fuel Services Company (subsidiary) signed an agreement with Ministry of Energy and Natural Resources on 20 November 2013 by which, the company was granted the right of distributing oil products and services for a period of ten years with a market share of 33% for JD 30,000,000. The value of the intangible asset is being amortized over the agreement period of ten years from the commercial operation start date in May 2013.

Movement on intangible asset is as follows:

	Fuel distribution license	
	2016	2015
	JD	JD
31 December 2016-		
Cost:		
Balance at the beginning of the year	30,000,000	30,000,000
Balance at the end of the year	30,000,000	30,000,000
Accumulated amortization:		
Balance at the beginning of the year	8,012,596	5,012,596
Amortization for the year	3,000,000	3,000,000
Balance at the end of the year	11,012,596	8,012,596
Net Book Value	18,987,404	21,987,404

(7) STRATEGIC FUEL INVENTORY

Based on the agreement signed with the Ministry of Energy and Mineral Resources for the right of distributing and marketing oil products and services, the subsidiary (Jordan Modern Oil and Fuel Services Company) should maintain a strategic inventory during the term of the agreement in order to run the stations continuously.

Movement on fair value of strategic fuel inventory resulting from the revaluation based on fuel prices as on 31 December was as follows:

	2016 JD	2015 JD
Balance at the beginning of the year	4,430,595	6,117,399
Gains (losses) on revaluation	44,495	(1,686,804)
Balance at the end of the year	4,475,090	4,430,595

(8) INVENTORIES

	2016 JD	2015 JD
Fuel	8,641,083	4,002,636
Oil and lubricants	3,804,831	3,127,333
Tires and stations supplies	3,474,729	2,789,573
Grocery items	682,322	433,144
	16,602,965	10,352,686

(9) ACCOUNTS RECEIVABLE AND CHEQUES UNDER COLLECTION

	2016 JD	2015 JD
Customers receivables	33,472,190	25,544,225
Cheques under collection	9,096,919	4,353,531
Rent receivables	559,539	548,108
Less: allowance for doubtful accounts	(500,000)	-
	42,628,648	30,445,864

Doubtful debts for which lawsuits more raised against them amounting to JD 2,080,068 as of 31 December 2016. The movement on the allowance for doubtful debts are as follows:

	2016	2015
	JD	JD
Balance as of 1 January	-	-
Additions	500,000	-
Balance as of 31 December	500,000	-

As at 31 December, the aging of trade receivables is as follows:

		Past due but not impaired				
	Neither past due nor impaired	1 - 30 days	31 – 90 days	91-120 days	> 120 days	Total
	JD	JD	JD	JD	JD	JD
2016	13,170,416	14,669,431	3,550,272	3,860,683	5,797,778	41,048,580
2015	11,827,140	6,294,166	5,028,337	1,595,301	5,700,920	30,445,864

Unimpaired trade receivables are expected to be fully recovered based on management judgment.

In the normal course of business, the Group obtains bank guarantees from some customers' on their receivables. The value of the customers' receivables covered by guarantees is JD 8,674,363 as of 31 December 2016 (2015: JD 3,584,000).

(10) RELATED PARTIES TRANSACTIONS

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

Consolidated statement of financial position:

	2016	2015
	JD	JD
Due from related parties		
Developed Crushers Company LTD (sister company)	2,356,335	6,659,753
United Iron and Steel Manufacturing Company PLC (sister company)	3,112,992	1,645,323
Advanced Transport and land shipping Services Company LTD (sister company)	320,408	2,257,238
Jordan Modern International Trade Company LTD (sister company)	4,826	86,631
Modern Cement and Mining Company LTD (sister company)	136,881	21,969
Mr. Muin Qadada (Vice Chairman)	46,762	21,141
Al Bunyan for Cement and Concrete Products Manufacturing Company LTD (sister company)	18,229	54,552
Jordan Modern Ready Mix Concrete Company LTD (sister company)	2,352	125,447
Al Manaseer Group for Commercial and Industrial Investments (sister company)	1,468,786	-
Al Adiyat Agricultural company (sister company)	4,187	-
Distingushed Mining Company (sister company)	31,208	-
Engineer Ziad Al Manaseer (Chairman)	6,191	-
Jana for Mining Company (sister company)	8,615	-
Jordan Modern Advanced Chemical Industries Company LTD. (sister company)	549	-
Jordan Modern Steel Scrap Company LTD. (sister company)	-	52,759
Jordan Modern Food Industries Company LTD	-	4,525
Visions for Maintenance & Spare Parts Company (sister company)	-	102,546
Al Bunyan for Cement and Concrete Products Manufacturing -Aqaba (sister company)	-	1,129
	7,518,321	11,033,013

	2016	2015
	JD	JD
Due to related parties		
Arab Towers Contracting Company LTD (sister company)	9,649,693	11,632,065
Jordan Modern Shipping and Clearance Company LTD (sister company)	109,042	141,225
Manaseer for Commercial Services (sister company)	16,608	11,198
Jordan Modern High Technology Company LTD (sister company)	19,033	878
Al Adiyat Al Sereea Machinery Trading Company sister company)	3,751,863	-
Jordan Modern Food and Industries Company LTD (sister company)	1,000	-
Jordan Modern Telecom Company sister company)	976	-
Manaseer Group for Industrial and Commercial Investments Company LTD (sister company)	-	33,414
Al-Adeyat Al-Sareah Machinery Trading (sister company)	-	111,399
Roma Shipping agency Co. (sister company)	-	3,704
Jordan Modern Advanced Chemical Industries Company LTD (sister company)	-	41
Mr. Ziad Al Manaseer (Chairman)	-	60,444
	13,548,215	11,994,368

	2016	2015
	JD	JD
Due to related parties – Long term*		
Arab Towers Contracting Company LTD (sister company)	-	2,000,000
Al Adyat Company for Vehicles Trading	-	-
	-	2,000,000

* These balance are not subject to interest and does not have due date.

Property and equipment

The Group purchased property and equipment and have projects in progress with relate parties by JD 23,796,066 as on 31 December 2016 (2015: JD 16,711,051).

Consolidated statement of comprehensive income:
Transactions with related parties are as follows:

	2016	2015
	JD	JD
Expenses charged by head office	310,441	194,914
Oil and fuel sales	29,362,753	15,732,731

The Group recognized benefits for Board of Director during 2016.

	2016	2015
	JD	JD
Board of directors benefits	25,000	25,000

(11) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details are as follows:

	2016	2015
	JD	JD
Listed financial assets		
Listed shares	24,000	26,250
Unlisted financial assets		
Unlisted shares	110,000	-
Total financial assets at fair value thought profit or loss	134,000	26,250

(12) OTHER CURRENT ASSETS

	2016	2015
	JD	JD
Advances to suppliers	1,577,133	2,061,570
Prepaid expenses	1,476,934	1,502,756
Income tax deposits	79,326	127,185
Refundable deposits	488,497	380,889
Others	199,817	94,873
	3,821,707	4,167,273

(13) CASH AND CASH EQUIVALENTS

	2016	2015
	JD	JD
Cash on hand	3,426,919	933,221
Cheques with maturities less than one month	19,224,125	17,850,893
Cash at banks	11,159,305	825,637
	33,810,349	19,609,751
Due to Banks (Note 17)	(67,991,872)	(55,007,701)
Cash and cash equivalents	(34,181,523)	(35,397,950)

(14) EQUITY

STATUTORY RESERVE

This amount represents appropriations at 10% of net income before income tax during this year and prior years. This reserve is not available for distribution to shareholders.

DIVIDENDS

The general assembly approved in its ordinary meeting held on 18 April 2016, the distribution of cash dividends amounted to JD 15,400,000 representing 14% of the paid in capital against 2015 profit (2014: JD 15,400,000 representing 14% of the paid in capital against 2014 profits).

(15) LOANS AND MURABAHA

	2016		2015	
	Short term	Long term	Short term	Long term
	JD	JD	JD	JD
Capital Bank of Jordan of Jordan loans	255,510	894,090	2,209,793	187,500
Societe Generale Bank Jordan loans	4,727,203	-	6,027,855	-
Arab Jordan Investment Bank loans	2,491,992	5,592,559	4,566,406	4,292,418
Jordan Kuwait Bank loans	13,000,000	-	1,318,290	-
Standard Chartered Bank loan	10,634,998	12,593,184	-	-
Islamic International Arab Bank Murabaha	6,405,716	-	9,682,159	3,524,688
	37,515,419	19,079,833	23,804,503	8,004,606

Summary of the details and terms of the loans granted above is as follows:

	Credit limit ceiling	Monthly instalment	Interest rate	First instalment date	Last instalment date
	JD	JD	JD	JD	JD
Capital Bank loans:					
First Capital Bank loan	539,000	14,910	JD	20 February 2017	20 February 2020
Second Capital Bank loan	110,000	2,750	JD	18 July 2017	18 October 2020
Third Capital Bank loan	500,000	12,500	JD	30 July 2017	30 October 2020
Standard Chartered Bank Loan	31,905,000	966,818	USD	28 April 2016	29 November 2018
Societe Generale Bank loan					
First Societe Generale Bank loan	2,768,628	70,313	JD	28 January 2018	28 December 2020
Second Societe Generale Bank loan	1,194,575	48,965	JD	28 January 2018	28 December 2020
Arab Jordan Investment Bank loans:					
First Arab Jordan Investment Bank loan	1,250,000	26,041	JD	13 May 2016	13 April 2020
Second Arab Jordan Investment Bank loan	2,850,000	79,166	JD	28 July 2016	28 June 2019
Third Arab Jordan Investment Bank loan	2,167,966	45,165	JD	31 October 2016	10 September 2017
Fourth Arab Jordan Investment Bank loan	2,750,000	57,291	JD	30 November 2016	31 October 2020
Jordan Kuwait Bank loan	13,000,000	One installment	JD	-	30 January 2017
Islamic International Arab Bank Murabaha					
First Islamic International Arab Bank Murabaha	6,670,749	185,298	JD	30 July 2015	30 June 2017
Second Islamic International Arab Bank Murabaha	2,825,822	201,075	JD	27 January 2016	27 December 2017
Third Islamic International Arab Bank Murabaha	1,416,822	118,055	JD	26 October 2016	6 September 2017
Fourth Islamic International Arab Bank Murabaha	1,718,595	143,216	JD	26 November 2016	6 October 2017

These loans are secured by a first degree mortgage on properties owned by Jordan Modern Oil and Fuel Services Company (subsidiary) with a carrying value of JD 48,280,259 2015: JD 41,483,820), as well as the personal guarantee of the Chairman of the Board.

The interest rates on loans in JD ranges (4.5-7%) and the interest rate on loans in USD (LIBOR +1.02).

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

Year	JD
2018	12,593,184
2019	2,864,187
2020	3,622,462
	19,079,833

(16) DUE TO GOVERNMENTAL ENTITIES

This item represents the balance owed to Ministry of Energy and Natural Resources by Jordan Modern Oil and Fuel Services Company (subsidiary) related to the value of the fuel distribution license amounting to JD 30,000,000, were the Company signed an agreement with the Ministry of Energy and Natural Resources on 20 November 2012 in which the Company was granted the right of distributing oil products and services for a period of ten years with a market value of JD 30,000,000. Down payment of JD 8,600,000 was paid in 2013 and the remaining balance amounting to JD 21,400,000 was divided to five equal annual installments of JD 4,280,000 each subject to an annual interest rate of 2.5%.

Details of amounts due to governmental entities are as follows:

	2016	2015
	JD	JD
Due to Ministry of Energy and National Resources	4,280,000	8,560,000
Less: short term portion	4,280,000	4,280,000
Long term portion	-	4,280,000

(17) DUE TO BANKS

This item represents the utilized balances of the overdraft credit facilities granted to the Jordan Modern Company for Oil and Gas Services (subsidiary) by banks, the details are as follows:

		Balance as on	
	Ceiling	2016	2015
	JD	JD	JD
Capital Bank	19,000,000	21,304,444	14,238,559
Societe Generale Bank	2,100,000	2,114,395	2,145,595
Arab Jordan Investment Bank	20,000,000	19,259,213	12,058,690
Jordan Kuwait Bank	10,000,000	11,310,364	8,773,625
Arab Bank	10,000,000	2,932,179	10,832,576
Etihad Bank	12,000,000	11,071,277	6,958,656
		67,991,872	55,007,701

These facilities are secured by a first degree mortgage bond on the properties of Jordan Modern Company for Oil and Gas Services (subsidiary) in addition to the guarantee of the Chairman of the Board.

The interest rates on due to bank in JD ranges from 6.5% to 8%.

(18) INCOME TAX

Movement on income tax provision is as follows:

	2016 JD	2015 JD
Balance at the beginning of the year	2,863,657	1,803,636
Income tax paid	(4,028,290)	(2,913,676)
Income tax charge for the year*	4,679,307	3,973,697
Balance at the ending of the year	3,514,674	2,863,657

* Income tax appearing in the consolidated statement of comprehensive income represents the following:

	2016 JD	2015 JD
Income tax expense for the year	4,679,307	3,973,697

The income tax is calculated for the year ended 31 December 2016 and 2015 in accordance with the Income Tax Law No. (34) of 2014.

Afaq For Energy:
The Company reached a final settlement with the Income and Sales Tax Department for the year 2014. The Company has submitted its income tax declaration for the years 2010 to 2015 and has not been reviewed by the Income and Sales Tax Department up to the date of these consolidated financial statements.

Jordan Modern Oil and Fuel Services Company (subsidiary):
The Company reached a final settlement with the Income and Sales Tax Department up to the year 2010. The company submitted its income tax declaration for the years 2015 to 2015 but the final acceptance was not reached to the date of these consolidated financial statements.

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

Jordan Modern Food Trading Company (subsidiary):
The company reached a final settlement with the Income Tax Department for the years from 2013 to 2014 and the company submitted its income tax declaration for the years 2012 to 2015 and has not been reviewed by the Income Tax Department up to the date of these consolidated financial statements.

Jordan Modern Importing and Exporting Company (free zone) (subsidiary):
The company submitted its income tax declaration for the years 2012 to 2015 and has not been reviewed by the Income and Sales Tax Department up to the date of these consolidated financial statements.

Reconciliation between taxable profit and accounting profit is as follows:

	Jordan Modern Oil and Fuel Services Company - Amman	Jordan Modern Oil and Fuel Services Company - Aqaba	Jordan Modern Food Trading Company	Jordan Modern Importing and Exporting Company*	Afaq For Energy	Total
	JD	JD	JD	JD	JD	JD
2016						
Accounting Profit	23,010,619	1,389,311	101,823	1,046,864	(41,574)	25,507,043
Non- taxable income	(44,495)	-	-	(1,046,864)	-	(1,091,359)
Differences from depreciation rates on						
Property and equipment	-	-	-	-	-	-
Real estate tax	130,410	-	-	-	-	130,410
Non- taxable expenses	502,250	-	-	-	-	502,250
Taxable profit	23,598,784	1,389,311	101,823	-	(41,574)	25,048,344
Income tax provision	4,589,477	69,466	20,364	-	-	(4,679,307)
Effective income tax rate	19,51%	5%	20%	-	-	-
Statuary income tax rate	20%	5%	20%	-	20%	-

	Jordan Modern Oil and Fuel Services Company - Amman	Jordan Modern Oil and Fuel Services Company - Aqaba	Jordan Modern Food Trading Company	Jordan Modern Importing and Exporting Company*	Afaq For Energy	Total
	JD	JD	JD	JD	JD	JD
2015						
Accounting Profit	19,541,471	1,349,015	73,062	734,112	(54,223)	21,643,437
Non- taxable income	(7,250)	-	-	(734,112)	-	(741,362)
Differences from depreciation rates on						
Property and equipment	(1,437,965)	-	-	-	-	(1,437,965)
Real estate tax	96,506	-	-	-	-	96,506
Non- taxable expenses	1,747,545	-	-	-	-	1,747,545
Taxable profit	19,940,307	1,349,015	73,062	-	(54,223)	21,308,161
Income tax provision	3,891,555	67,450	14,692	-	-	3,973,697
Effective income tax rate	19,91%	5%	20%	-	-	
Statuary income tax rate	20%	5%	20%	-	20%	

* No income tax was calculated on the profits of Jordan Modern Importing and Exporting Company as it is registered in free zone and is 100% exempt from tax.

(19) ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	2016	2015
	JD	JD
Trade payables	9,936,604	7,537,665
Advances from customers	755,687	2,824,057
Sales tax	1,722,819	1,443,262
Accrued expenses	124,066	131,717
Jordan universities fee provision	69,762	69,762
Unpaid dividends	86,249	98,084
Social security	126,837	97,064
	12,822,024	12,201,611

(20) REVENUES

	2016	2015
	JD	JD
Fuel and oil sales	752,392,283	761,795,264
Fuel transportation revenue	10,899,391	9,377,974
Rental revenue	1,446,775	1,218,904
Grocery sales	6,410,985	4,433,105
	771,149,434	776,825,247

(21) GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
	JD	JD
Salaries and wages	2,399,763	1,832,435
Advertisements	285,118	122,625
Head office charges	310,441	194,914
Rent	297,829	152,231
Professional fees	77,432	82,060
Vehicles expenses	151,661	167,116
Water, electricity and telephone	490,389	161,822
Registration, licenses and stamps fees	380,771	216,283
Land mortgage fees	56,674	221,584
Training travel and accommodation	84,023	59,884
Rewards and commissions	-	54,091
Donations	55,492	67,428
Stationary and printing	12,662	15,228
Hospitality	37,420	57,470
Maintenance and fuel	64,467	51,317
Consumable tools	11,581	7,393
Board members benefits	25,000	25,000
Others	132,053	61,966
	4,872,776	3,550,847

(22) SEGMENT INFORMATION

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

- Oil and Fuel.
- Import and Export.
- Food trading

These segments in formation are detailed below:

	Oil and Fuel	Import and Export	Food Trading	Afaq	Total
	JD	JD	JD	JD	JD
For the year ended 31 December 2016					
Revenue-					
Sales	754,862,652	9,875,797	6,410,985	-	771,149,434
Cost of sales	(721,934,928)	(8,635,334)	(5,438,937)	-	(736,009,199)
Gross profit	32,927,724	1,240,463	972,048	-	35,140,235
Segments results-					
Profit (loss) before tax	24,399,930	1,046,864	101,823	(41,574)	25,507,043
Other segments information-					
Administrative expenses	(3,639,765)	(88,886)	(1,102,551)	(41,574)	(4,872,776)
Finance costs	(4,094,523)	(105,167)	(4,533)	-	(4,204,223)
Allowance for doubtful accounts	(500,000)	-	-	-	(500,000)
Other income	246,901	25,511	461,446	-	733,858
Depreciation	(540,407)	(25,057)	(224,587)	-	(790,051)
Capital expenditures	33,654,988	3,332	431,721	-	34,090,041

	Oil and Fuel	Import and Export	Food Trading	Afaq	Total
	JD	JD	JD	JD	JD
For the year ended 31 December 2015					
Revenue-					
Sales	762,956,872	9,435,270	4,433,105	-	776,825,247
Cost of sales	(734,176,970)	(8,677,120)	(4,337,161)	-	(747,191,251)
Gross profit	28,779,902	758,150	95,944	-	29,633,996
Segments results-					
Profit (loss) before tax	20,890,486	734,112	73,062	(54,223)	21,643,437
Other segments information-					
Administrative expenses	(3,211,029)	(551)	(285,044)	(54,223)	(3,550,847)
Finance costs	(4,438,749)	(59,242)	(3,310)	-	(4,501,301)
Other income	212,245	35,755	304,531	-	552,531
Depreciation	(451,883)	-	(39,059)	-	(490,942)
Capital expenditures	37,578,984	11,896	252,221	-	37,843,101

	Oil and Fuel	Import and Export	Food Trading	Afaq	Eliminations	Total
	JD	JD	JD	JD	JD	JD
As of 31 December 2016						
Assets and liabilities-						
Segment assets	310,300,056	7,811,795	2,559,604	156,048,198	(120,130,676)	356,588,986
Segment liabilities	205,260,336	4,173,279	2,372,438	11,301,008	(11,264,905)	211,842,156
As of 31 December 2015						
Assets and liabilities						
Segment assets	249,589,716	6,110,460	1,887,614	142,900,721	(97,998,889)	302,489,622
Segment liabilities	164,290,715	3,518,808	1,782,267	907,930	(7,329,192)	163,170,528

(23) CONTINGENT LIABILITIES

Bank Guarantees

As of the date of financial statements, the Group is has a contingent liabilities in the form of bank guarantees amounting to JD 8,085,953 (2015 JD 9,373,701) which include a guarantee issued in favor of the Ministry of Energy and Mineral Resources amounting to JD 4,601,000.

Legal cases

There is a number of legal cases raised against Jordan Modern Oil and Fuel Services Company (subsidiary) in the normal course of business amounting to JD 409,711 (2015: JD 376,546). According to the Group's management and legal advisor, no material liability will arise as a result of these lawsuits.

Capital expenditures

The Group contracted with related parties to construct projects in progress of gas stations. The expected remaining cost to complete these projects is JD 10,461,745 as of 31 December 2016 (2015: JD 4,191,723).

(24) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trade receivable, cheques under collection, due from related parties and other current assets. Financial liabilities consist of due to banks, loans and murabaha, trade payables, postdated cheques, government deposits, amounts due to government, amounts due to related parties and other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

(25) RISK MANAGEMENT

Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (due to banks and loans).

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December:

2016	Increase in basis points	Effect on profit for the year
JD	100	1,245,871
	Decrease in basis points	Effect on profit for the year
JD	100	(1,245,871)

2015	Increase in basis points	Effect on profit for the year
JD	100	868,168
	Decrease in basis points	Effect on profit for the year
JD	100	(868,168)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The Group provides its services to a large number of customers. Top 10 customers accounts for 25% of outstanding trade receivables at 31 December 2016 (2015: 29%).

Liquidity risk

The Group limits its liquidity risk by ensuring adequate financing is available from Banks facilities.

The table below summarizes the maturities of the Group's undiscounted financial liabilities at 31 December.

2016-	Less than 3 months	3 to 12 months	From 1 to 5 years	Total
	JD	JD	JD	JD
Trade payables and other current liabilities	12,822,024	-	-	12,822,024
Due to related parties	13,548,215	-	-	13,548,215
Due to banks	67,991,872	-	-	67,991,872
Loans and Murabaha	-	40,187,139	23,311,809	63,498,948
Due to Jordan Petroleum Refinery Company Ltd.	19,260,551	-	-	19,260,551
Governmental deposits	30,710,248	-	-	30,710,248
Post dated cheques	-	3,119,320	-	3,119,320
Due to governmental entities	-	4,280,000	-	4,280,000
Total	144,332,910	47,586,459	23,311,809	215,231,178

2015 -	Less than 3 months	3 to 12 months	From 1 to 5 years	Total
	JD	JD	JD	JD
Trade payables and other current liabilities	12,201,611	-	-	12,201,611
Due to related parties	11,994,368	-	2,000,000	13,994,368
Due to banks	55,007,701	-	-	55,007,701
Loans and Murabaha	-	24,479,167	8,227,889	32,707,056
Due to Jordan Petroleum Refinery Company Ltd.	14,690,998	-	-	14,690,998
Governmental deposits	20,910,351	-	-	20,910,351
Post dated cheques	-	3,132,733	-	3,132,733
Due to governmental entities	-	4,387,000	4,387,000	8,774,000
Total	114,805,029	31,998,900	14,614,889	161,418,818

Currency risk

Most of the Group's transactions are in Jordanian Dinars, US Dollars. The Jordanian Dinar is pegged to the US Dollar (USD 1.41 for 1 JD). Accordingly, the Group is not exposed to significant currency risk.

(26) CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions.

Capital comprises paid-in capital, statutory reserve and retained earnings and is measured at JD 144,746,830 as at 31 December 2016 (2015: JD 139,319,094).

(27) STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The Company has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

Transfers of Investment Property (Amendments to IAS 40)
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

(28) COMPARATIVE FIGURES

Some of 2015 comparative figures were reclassified to correspond with 31 December 2016 presentation. The reclassification has no effect on the profit and equity of the year 2015.