



Ref : MG/F/17-5509
OCT 31, 2017

To :
Jordan Security Commission,
Amman – Jordan

Dear Sirs,

Subject: Afaq for Energy English Financial Statements Q3. 2017

As per JSC regulations, you are pleased to find enclosed english financial statements quarter one as of 30/09/2017 for AFAQ Energy.

Sincerely,

AFAQ Energy



بورصة عمان
الدائرة الإدارية والمالية
الديوان
٠١ تشرين الثاني ٢٠١٧
الرقم المتسلسل: 5273
رقم الملف: 31286
الجهة المختصة: 101/611

AFAQ FOR ENERGY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS(UNAUDITED)

30 SEPTEMBER 2017



Building a better
working world

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Afaq for Energy (a Public Shareholding Company) ("the Company") and its subsidiaries ("the Group") as at 30 September 2017, comprising the interim consolidated statement of financial position as at 30 September 2017 and the interim consolidated statements of comprehensive income and the interim consolidated statements of changes in equity and the interim consolidated statements of cash flows for the nine-month period then ended and explanatory notes. Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Amman – Jordan
30 October 2017

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2017

	<u>Notes</u>	<u>30 September 2017</u> JD (Unaudited)	<u>31 December 2016</u> JD (Audited)
ASSETS-			
Non-current assets-			
Property and equipment	3	271,399,588	210,933,439
Projects in progress		7,942,630	17,677,063
Intangible assets		16,743,565	18,987,404
Strategic fuel inventory		7,674,032	4,475,090
Goodwill	5	2,879,234	-
		<u>306,639,049</u>	<u>252,072,996</u>
Current assets-			
Inventories		19,487,722	16,602,965
Accounts receivable and cheques under collection		38,598,434	42,628,648
Due from related parties	6	20,291,234	7,518,321
Financial assets at fair value through profit or loss		1,103,676	134,000
Other current assets		4,077,709	3,821,707
Cash on hand and at banks		24,613,264	33,810,349
		<u>108,172,039</u>	<u>104,515,990</u>
TOTAL ASSETS		<u><u>414,811,088</u></u>	<u><u>356,588,986</u></u>
EQUITY AND LIABILITIES			
Equity-			
Shareholders' Equity			
Paid in capital	1	110,000,000	110,000,000
Statutory reserve		11,326,435	11,326,435
Retained earnings		21,718,126	23,420,395
Total Shareholders' Equity		<u>143,044,561</u>	<u>144,746,830</u>
Non-Controlling Interest		936,097	-
Total Equity		<u>143,980,658</u>	<u>144,746,830</u>
Non-current liabilities-			
Loans and Murabaha	8	29,945,317	19,079,833
Current liabilities-			
Due to banks	7	52,894,573	67,991,872
Loans and Murabaha- short term	8	59,696,459	37,515,419
Due to related parties	6	10,851,242	13,548,215
Due to governmental entities		4,280,000	4,280,000
Post-dated cheques		547,729	3,119,320
Income tax provision	10	2,332,285	3,514,674
Governmental deposits		45,816,405	30,710,248
Due to Jordan Petroleum Refinery Company		17,199,221	19,260,551
Accounts payable and other current liabilities		47,267,199	12,822,024
		<u>240,885,113</u>	<u>192,762,323</u>
TOTAL LIABILITIES		<u>270,830,430</u>	<u>211,842,156</u>
TOTAL EQUITY AND LIABILITIES		<u><u>414,811,088</u></u>	<u><u>356,588,986</u></u>

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	<i>Notes</i>	For the three months ended		For the nine months ended	
		30 September		30 September	
		2017	2016	2017	2016
		JD	JD	JD	JD
Sales		234,657,296	194,494,060	675,950,035	553,720,940
Cost of sales		(224,796,182)	(186,248,434)	(645,893,330)	(528,705,364)
Gross profit		9,861,114	8,245,626	30,056,705	25,015,576
General and administrative expenses		(1,792,384)	(1,834,568)	(5,359,530)	(4,237,220)
Financing costs		(2,529,147)	(1,267,485)	(6,105,114)	(3,932,718)
Provision for doubtful debts		(150,000)	(100,000)	(300,000)	(300,000)
Gain (Loss) from sale of property and equipment		29,944	-	294,578	(60,304)
Change in fair value of financial assets at fair value through profit or loss		(46,065)	-	(148,274)	(1,000)
Other income		51,614	88,278	265,348	349,052
Profit for the period before tax		5,425,076	5,131,851	18,703,713	16,833,386
Income tax expense for the period	10	(880,418)	(1,009,378)	(3,886,874)	(3,311,236)
Profit for the period		4,544,658	4,122,473	14,816,839	13,522,150
Add: other comprehensive income items		-	-	-	-
Total comprehensive income for the period		4,544,658	4,122,473	14,816,839	13,522,150
Attributable to:					
Shareholders		4,525,550	4,122,473	14,797,731	13,522,150
Non-controlling interest		19,108	-	19,108	-
		4,544,658	4,122,473	14,816,839	13,522,150
		(JD/ Fills)	(JD/ Fills)	(JD/ Fills)	(JD/ Fills)
Basic and diluted earnings per share for the period	9	0/040	0/037	0/134	0/123

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Paid in capital	Statutory reserve	Retained earnings	Total	Non- controlling interest	Total equity
	JD	JD	JD	JD	JD	JD
For the period ended at 30 September 2017-						
Balance as of 1 January 2017	110,000,000	11,326,435	23,420,395	144,746,830	-	144,746,830
Total comprehensive income for the period	-	-	14,797,731	14,797,731	19,108	14,816,839
Dividends (Note 14)	-	-	(16,500,000)	(16,500,000)	-	(16,500,000)
Non-controlling interest (Note 5)	-	-	-	-	916,989	916,989
Balance as of 30 September 2017	<u>110,000,000</u>	<u>11,326,435</u>	<u>21,718,126</u>	<u>143,044,561</u>	<u>936,097</u>	<u>143,980,658</u>
For the period ended at 30 September 2016-						
Balance as of 1 January 2016	110,000,000	8,775,731	20,543,363	139,319,094	-	139,319,094
Total comprehensive income for the period	-	-	13,522,150	13,522,150	-	13,522,150
Dividends (Note 14)	-	-	(15,400,000)	(15,400,000)	-	(15,400,000)
Balance as of 30 September 2016	<u>110,000,000</u>	<u>8,775,731</u>	<u>18,665,513</u>	<u>137,441,244</u>	<u>-</u>	<u>137,441,244</u>

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

AFAQ FOR ENERGY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	<u>Notes</u>	30 September 2017 JD	30 September 2016 JD
<u>Operating activities</u>			
Profit for the period before tax		18,703,713	16,833,386
Adjustments for:			
Depreciation and amortization		7,877,344	6,640,481
Provision for doubtful debts		300,000	300,000
Change in fair value of financial assets at fair value through profit or loss		148,274	1,000
Financing costs		6,105,114	3,932,718
(Gain) loss from disposal of property and equipment		(294,578)	60,304
(Gain) loss from valuation of strategic fuel inventory to the realizable value		(533,538)	203,932
Working capital adjustments			
Accounts receivable and cheques under collection		4,127,027	(2,463,314)
Inventories		2,787,021	(2,289,243)
Strategic fuel inventory		(1,598,328)	-
Other current assets		210,487	(3,991,267)
Due from / to related parties		(20,313,227)	(3,554,046)
Accounts payable and other current liabilities		31,936,085	2,929,576
Governmental deposits		15,106,157	3,398,208
Post-dated cheques		(2,571,591)	(2,497,461)
Net cash flows from operating activities before tax		61,989,960	19,504,274
Income tax paid		(5,069,263)	(4,207,485)
Net cash flows from operating activities		56,920,697	15,296,789
<u>Investing activities</u>			
Purchase of property and equipment and projects in progress		(53,670,365)	(18,124,098)
Proceeds from sale of property and equipment		294,578	63,597
Net cash paid on subsidiary acquisition	5	(3,742,740)	-
Purchase of assets at fair value through profit or loss		(915,820)	-
Net cash flows used in investing activities		(58,034,347)	(18,060,501)
<u>Financing activities</u>			
Loans and Murabaha		29,618,978	24,854,785
Paid interest		(6,105,114)	(3,932,718)
Cash Dividends		(16,500,000)	(15,400,000)
Due from / to related parties		-	(22,486,655)
Net cash flows from (used in) financing activities		7,013,864	(16,964,588)
Net increase (decrease) in cash and cash equivalents		5,900,214	(19,728,300)
Cash and cash equivalents at the beginning of the period		(34,181,523)	(35,397,950)
Cash and cash equivalents at the ending of the period	4	(28,281,309)	(55,126,250)

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

(1) GENERAL INFORMATION

Afaq for Energy was established as a public shareholding company on 5 August 2008 with an authorized and paid in 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 objective of the Company is to invest 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 2012 in which the company got the rights of distributing and marketing the oil products in addition to any other oil services authorized in Jordan for a period of ten years from the commercial operations starting date. The commercial operations has started in May 2013.

The headquarter of the group is located in Amman - Hashemite Kingdome of Jordan.

(2) BASIS OF PREPARATION INTERIM FINANCIAL STATEMENTS

(2.1) Basis of preparation

The interim condensed consolidated financial statements for the nine months period ended 30 September 2017 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The consolidated financial statements are presented in Jordanian Dinars "JD" which is the functional currency of the Group.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual report as of 31 December 2016. In addition, results of the nine months period ended 30 September 2017 is not necessarily indicative of the expected results for the financial year ending 31 December 2017.

(2.2) Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Group's consolidated interim condensed financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognized Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group's consolidated interim condensed financial statements.

(2.3) Basis of consolidation of financial statements

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

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

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) PROPERTY AND EQUIPMENT

The Group has purchased property and equipment amounting to JD 23,997,792 during the nine months period ended 30 September 2017 (30 September 2016: JD 18,124,098).

There are lands amounting to JD 130,592,600 owned by Jordan Modern Oil and Fuel Services (a subsidiary), that are mortgaged against the Group's credit facilities (31 December 2016: JD 124,898,600).

(4) CASH AND CASH EQUIVALENT

For the purposes of preparing the interim cash flow statement, cash consists of the following:

	30 September 2017	30 September 2016
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand	3,654,250	1,887,512
Cheques with maturities less than one month	15,907,044	9,679,258
Cash at banks	5,051,970	967,688
	24,613,264	12,534,458
Less: due to banks (Note 7)	(52,894,573)	(67,660,708)
	(28,281,309)	(55,126,250)

(5) ACQUISITION OF A SUBSIDIARY

On 30 June 2017, Jordan Modern Oil & Gas Services (a subsidiary) acquired 55% of the share capital of Aqaba Bulk Chemicals, a limited liability company, which specializes in providing logistics and warehousing services.

The Group has not yet completed the process to determine the fair value of assets and liabilities acquired through the subsidiary, thus, provisional value amounts have been used. In accordance with IFRS, the measurement period can not exceed one year from the acquisition date. The acquisition resulted in recognition of intangible asset amounting to JD 2,879,234, representing the difference between the amount paid and the Group's share in the net assets of the acquire, whereas difference was recognized temporarily as goodwill.

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(PUBLIC SHAREHOLDING COMPANY)
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30 SEPTEMBER 2017

The provisional amount of the fair values of the assets and liabilities of the acquiree, and their carrying amounts as of the date of acquisition (30 June 2017) are as follows:

	<u>JD</u>
Assets	
Property, plant & equipment	10,035,349
Financial assets at fair value through other comprehensive income	110,000
Inventories	97,736
Account receivables	329,415
Other debit balances	74,193
Cash on hand and at banks	257,260
	<u>10,903,953</u>
Liabilities	
Loans	3,433,515
Partners' account	4,082,778
Account payables	637,142
Other credit balances	712,763
	<u>8,866,198</u>
Net Assets acquired	<u>2,037,755</u>
Non-controlling interests	<u>916,989</u>
The Group's share in net assets	1,120,766
Goodwill resulted from the acquisition	<u>2,879,234</u>
The price paid for the Group's share of 55%	<u>4,000,000</u>
Cash flows at acquisition :	
Net cash acquired with the subsidiary	257,260
Cash paid	(4,000,000)
Net cash paid	<u>(3,742,740)</u>

(6) RELATED PARTIES TRANSACTIONS

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

The nature of transactions with related parties are as follows:

	30 September 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Due from related parties		
Developed Crushers Company LTD (sister company)	8,113,971	2,356,335
United Iron and Steel Manufacturing Company PLC (sister company)	194,139	3,112,992
Advanced Transport and land shipping Services Company LTD (sister company)	4,961,885	320,408
Jordan Modern International Trade Company LTD (sister company)	6,538	4,826
Modern Cement and Mining Company LTD (sister company)	304,130	136,881
Muin Qadada (Vice Chairman)	11,430	46,762
Al Bunyan for Cement and Concrete Products Manufacturing Company LTD (sister company)	85,664	18,229
Jordan Modern for Ready Concrete Company LTD (sister company)	171,379	2,352
Al Manaseer Group for Commercial and Industrial Investments (parent company)	-	1,468,786
Stone castle restaurant management – Bayt Omar (sister company)	1,274,758	-
Al Manseer charity	180,200	-
Jordan Modern for high Information Technology Company (sister company)	119,952	-
Jordan Modern Food and Industries Company (sister company)	4,475	-
Magnisia Jordan limited shareholding company (sister company)	41,535	-
Jordan Modern Advanced Chemical Industries Company (sister company)	1,701	549
Distinguished Mining Company (sister company)	-	31,208
Eng. Ziad Al Manaseer (Chairman)	-	6,191
Al Adiyat Agricultural Co. (sister company)	-	4,187
Jena Mining Company (sister company)	-	8,615
Arab Towers Contracting Company (sister company)	4,819,477	-
	<u>20,291,234</u>	<u>7,518,321</u>

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(PUBLIC SHAREHOLDING COMPANY)
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30 SEPTEMBER 2017

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Due to related parties		
Arab Towers Contracting Company (sister company)	-	9,649,693
Jordan Modern Shipping and Clearance Company (sister company)	-	109,042
Manaseer for Commercial Services (sister company)	1,834	16,608
Eng. Ziad Al Manaseer (Chairman)	127,857	-
Al Adiyat Al Sereea Machinery Trading Company (sister company)	117,699	3,751,863
Jordan Modern for High Technology Company (sister company)	-	19,033
Jordan Modern for Food and Industries Company (sister company)	-	1,000
Jordan Modern Telecom Company (sister company)	-	976
Khalid Ahmad Al jafali (partner in a subsidiary)	4,974,684	-
Al Manaseer Group for Commercial and Industrial Investments (parent company)	5,629,168	-
	<u>10,851,242</u>	<u>13,548,215</u>

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

	30 September 2017	30 September 2016
	JD	JD
	(Unaudited)	(Unaudited)
Expenses charged by head office	175,026	179,555
Oil and fuel sales	12,474,650	11,218,698

Property and equipment

The Group purchased property and equipment and have construction projects with related parties amounting to JD 17,297,287 during the period ended 30 September 2017 (30 September 2016: JD 12,276,659).

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(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2017

(7) DUE TO BANKS

	Limited facilities	30 September 2017	31 December 2016
	JD	JD	JD
		(Unaudited)	(Audited)
Capital Bank	20,000,000	19,890,427	21,304,444
Societe Generale Bank	2,100,000	1,449,892	2,114,395
Arab Jordan Investment Bank	20,000,000	12,707,806	19,259,213
Jordan Kuwait Bank	12,000,000	6,310,988	11,310,364
Arab Bank	10,000,000	1,001,169	2,932,179
Etihad Bank	12,000,000	11,534,291	11,071,277
		<u>52,894,573</u>	<u>67,991,872</u>

These facilities are guaranteed by a first class mortgage on lands of Jordan Modern Company for Oil and Gas Services (a Subsidiary), in addition to the personal guarantee of the Chairman of the board of directors, the interest rates on overdrafts ranges from 7.25% to 8.5%.

(8) LOANS AND MURABAHA

	30 September 2017		31 December 2016	
	Short term	Long term	Short term	Long term
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Capital Bank (JD) - 1	361,920	622,650	255,510	894,090
Capital bank (JD) - 2	614,635	2,808,039	-	-
Societe General Bank (JD)	1,097,061	3,630,142	4,727,203	-
Arab Jordan Investment Bank (JD)	5,155,488	5,211,801	2,491,992	5,592,559
Jordan Kuwait Bank (JD)	4,253,454	8,470,236	13,000,000	-
Standard Chartered Bank (USD)	32,464,057	2,904,543	10,634,998	12,593,184
Islamic International Arab Bank Murabaha (JD)	947,516	-	6,405,716	-
Bank of Jordan (JD)	13,204,303	2,516,667	-	-
Jordan Ahli Bank (JD)	1,598,025	3,781,239	-	-
	<u>59,696,459</u>	<u>29,945,317</u>	<u>37,515,419</u>	<u>19,079,833</u>

These loans are guaranteed by a first class mortgage on lands owned by Jordan Modern Oil and Fuel Services Company (a Subsidiary), in addition to the personal guarantee of the Chairman of the board of directors. Interest rates for Jordanian Dinar loans ranges from (7.25% – 8.5%) and for USD Dollar loans (LIBOR 3 months + 1.02%).

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

Year	JD
2018	9,251,365
2019	8,456,363
2020 and after	12,237,589
	<u>29,945,317</u>

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(PUBLIC SHAREHOLDING COMPANY)
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(9) EARNINGS PER SHARE FOR THE PERIOD

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to the shareholders	4,525,550	4,122,473	14,797,731	13,522,150
Weighted average number of shares	110,000,000	110,000,000	110,000,000	110,000,000
	(JD/ Fills)	(JD/ Fills)	(JD/ Fills)	(JD/ Fills)
Basic and diluted earnings per share	0/040	0/037	0/134	0/123

The diluted earnings per share for the profit for the period is equal to the basic earnings per share.

(10) INCOME TAX

Movement on income tax is as follows:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	3,514,674	2,863,657
Income tax paid	(5,069,263)	(4,028,290)
Income tax charge for the period/ year	3,886,874	4,679,307
Balance at the ending of the period/ year	2,332,285	3,514,674

The income tax recognized in the interim consolidated income statement represents the following:

	30 September 2017	30 September 2016
	JD	JD
	(Unaudited)	(Unaudited)
Income tax expense for the period	3,447,089	3,132,041
Prior years income tax	439,785	179,195
	3,886,874	3,311,236

Afaq for Energy:

The Company reached to a final settlement with the Income and Sales Tax Department until the year 2009. The Company has submitted its income tax declaration for the years from 2010 to 2016 but has not been reviewed by the Income and Sales Tax Department up to the date of these interim condensed consolidated financial statements.

Jordan Modern Oil and fuel Services Company (a subsidiary)

The Company reached to a final settlement with the Income and Sales Tax Department until the year 2014. The Company submitted its income tax declaration for the years 2015 and 2016 but the Income and Sales Tax Department did not review them up to the date of these interim condensed consolidated financial statements.

The company's branch in Aqaba Special Economic Zone reached to a final settlement with Income and Sales Tax Department up to 2014, and submitted the income tax declaration for the years 2015 and 2016, but the Income and Sales Tax Department did not review them up to the date of these consolidated financial statements.

Jordan Modern Food Trading Company/ Lumi Market (a subsidiary)

The Company reached to a final settlement with the Income and Sales Tax Department for the years 2012 and 2014. The Company submitted its income tax declaration for the years 2013, 2015 and 2016 but the Income and Sales Tax Department did not review them up to the date of these interim condensed consolidated financial statements.

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

The Company submitted its income tax declaration for the years from 2012 to 2016, but the Income and Sales Tax Department did not review them up to the date of these interim condensed consolidated financial statements.

(11) LEGAL RESERVES

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

(12) CONTINGENT LIABILITIES

Bank Guarantees

The Group contingent liabilities in the form of bank letter of guarantees amounting to JD 8,085,953 as of 30 September 2017 (31 December 2016: JD 8,085,953) which include a guarantee issued in favor of the Ministry of Energy and Mineral Resources amounting to JD 4,601,000.

Legal cases

There are legal cases raised against Jordan Modern Oil and Fuel Services Company (a subsidiary) in the normal course of business amounting to JD 372,286 as of 30 September 2017 (31 December 2016: JD 404,300) According to the Group's management and legal advisor, no material liability will arise as a result of these lawsuits.

Capital expenditures

The Group entered into projects for construction of gas stations. The expected remaining cost to complete these projects is JD 9,068,566 as of 30 September 2017 (31 December 2016: JD 4,191,723).

AFAQ FOR ENERGY
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(13) 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

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

	Afaq	Oil and Fuel	Import and Export	Food Trading	Other	Total
	JD	JD	JD	JD		JD
						(Unaudited)
For the nine months ended 30 September 2017						
Revenue-						
Sales	-	660,632,387	7,858,041	7,054,877	404,730	675,950,035
Cost of sales	-	(632,835,669)	(6,733,371)	(6,198,388)	(125,902)	(645,893,330)
Gross profit	-	27,796,718	1,124,670	856,489	278,828	30,056,705
Segments results-						
Profit (loss) before tax	(289,527)	17,922,825	959,184	64,769	46,462	18,703,713
Other segments information-						
General and administrative expenses	(35,632)	(4,852,130)	(153,647)	(281,427)	(36,694)	(5,359,530)
Provision for doubtful debt	-	(300,000)	-	-	-	(300,000)
Financing costs	-	(6,056,028)	(3,214)	(3,686)	(42,186)	(6,105,114)
Depreciation and amortization expenses	(226,032)	(7,270,335)	(19,142)	(208,349)	(153,486)	(7,877,344)
Other income	10,431	202,179	10,518	42,220	-	265,348

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	Afaq	Oil and	Import and	Food	Other	Total
	JD	Fuel	Export	Trading		JD
		JD	JD	JD		(Unaudited)
For the nine months ended 30 September 2016						
Revenue-						
Sales	-	542,158,284	6,763,101	4,799,555	-	553,720,940
Cost of sales	-	(518,344,232)	(6,016,524)	(4,344,608)	-	(528,705,364)
Gross profit	-	23,814,052	746,577	454,947	-	25,015,576

Segments results-

Profit (loss) before tax	(261,731)	16,403,084	581,286	110,747	-	16,833,386
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Other segments information-

General and administrative expenses	(35,699)	(3,772,781)	(157,102)	(271,638)	-	(4,237,220)
Provision for doubtful debt	-	(300,000)	-	-	-	(300,000)
Financing costs	-	(3,932,718)	-	-	-	(3,932,718)
Depreciation and amortization expenses	(226,032)	(6,234,529)	(18,756)	(161,164)	-	(6,640,481)
Other income	-	249,883	10,567	88,602	-	349,052

	Afaq	Oil and	Import and	Food	Other	Eliminations	Total
	JD	Fuel	Export	Trading		JD	JD
		JD	JD	JD			(Unaudited)

As of 30 September 2017

Assets and liabilities-

Segment assets	171,211,493	370,280,045	10,088,051	2,986,246	10,002,360	(149,757,107)	414,811,088
Segment liabilities	28,828,583	251,723,393	5,490,353	2,734,236	8,495,213	(26,441,348)	270,830,430

As of 31 December 2016

Assets and liabilities

Segment assets	156,048,198	310,300,065	7,811,795	2,559,604	-	(120,130,676)	356,588,986
Segment liabilities	11,301,008	205,260,336	4,173,279	2,372,438	-	(11,264,905)	211,842,156

(14) DIVIDENDS

The general assembly approved in its meeting held on 9 April 2017, the distribution of cash dividends to shareholders amounting to JD 16,500,000 representing to 15% of the paid in capital for 2016 (2015: JD 15,400,000 representing to 14% of the paid in capital).