



Instructions of Issuing Companies Disclosure, Accounting and Auditing Standards

Issued by virtue of article (12/Q) of the Securities Law No. 76 for the year 2002 and by virtue of the decision of the Board of Commissioners of the Securities Commission No. 53/2004 and amended by virtue of the decision of the Board of Commissioners of the Securities Commission No. (257/2005)

Article (1):

These Instructions shall be Known as (Instructions of Issuing Companies Disclosure, Accounting and Auditing Standards for the Year 2004) and shall come into effect as of 1 March 2004.

Article (2):

Subject to the meanings ascribed to the terms mentioned in the Securities Law and the Regulations and Instructions issued pursuant thereto, the following terms shall have the meanings ascribed thereto hereunder, unless the context indicates otherwise:

Article (3):

A- The issuing Company shall publish its preliminary business results after completion of a preliminary audit by its auditor, within forty-five days of the end of its fiscal year, and shall provide the Commission with a copy thereof.

B- The preliminary results mentioned in Paragraph (A) of this Article shall include:

- 1- The Net revenues.
- 2- The expected net profit before tax.
- 3- The amount allocated for income tax on expected profit.
- 4- Minority interest in the profits.
- 5- Net profit of the Company's shareholders after deduction of the allocated tax and of minority interest.
- 6- Comparative figures with the preceding fiscal year for the items from (1-5) above.
- 7- A summary of the Company's activities during the fiscal year.

Article (4):

The Board of Directors of the issuing Company shall prepare the Company's annual report within three months from the end of the Company's fiscal year and shall provide the Commission therewith. The annual report shall include:

- A- The statement of the Board of Directors' Chairman.
- B- The Board of Directors' report, which shall include:

The Board of Directors of the issuing Company shall prepare the Company's annual report within three months from the end of the Company's fiscal year and shall provide the Commission therewith. The annual report shall include:

- A- The statement of the Board of Directors' Chairman.
- B- The Board of Directors' report, which shall include:

7- A description of any government protection or any concession granted to the Company or to any of its products pursuant to Laws, Regulations or otherwise, with a specification of the effective period thereof; as well as a description of any Patents or Licensing Rights obtained by the Company.

8- A description of any decision by the Government, International Organizations or otherwise with a material effect on the Company's business, products or competitiveness, and a disclosure of the Company's implementation of international quality standards.

9- The issuing Company's organizational chart, the number of its employees and their classes of qualification, and its personnel qualifying and training programs.

10- A description of the Company's risk exposure.

11- The Company's accomplishments supported by quantitative indicators and a description of significant occurrences to the Company during the fiscal year.

12- The financial impact of non-recurrent transactions during the fiscal year, which are not part of the Company's main activities.

13- A chronology of the realized profits or losses, dividends, shareholders' net equity and the prices of securities issued by the Company, for a minimum period of five years or for the period since the establishment of the Company, whichever is less, together with graphic representation thereof where possible.

14- An analysis of the Company's financial status and of the results of its activities for the fiscal year.

15- Important prospective developments including any new expansions and projects; the Company's proposed plan for at least one upcoming year; and the Board of Directors' forecasts for the outcomes of the Company activities.

16- The amount of auditing fees for the Company and its subsidiaries and any other fees received or receivable by the auditor.

17- A statement that indicates the number of securities issued by the Company which are owned by any member of its Board of Directors, any member of its Senior Executive Management or any of their relatives; a list of companies controlled by any of such provided all of the above is benchmarked against the preceding year.

18- The benefits and remunerations of the Chairman, members of the Board of Directors, and Senior Executive Management, during the fiscal year, including payments received by any of them such as fees, salaries, bonuses, and otherwise, and their travel and transport expenses within the Kingdom and abroad.

19- A statement that indicates the donations and grants made by the Company during the fiscal year.

20- A statement that indicates the issuing Company's contracts, projects and engagements concluded with its Subsidiaries, Sister Companies or Affiliates, as well as those with the Chairman of the Board of Directors, members of the Board of Directors, the Chief Executive Officer or any employee of the Company or relatives

thereof.

21- The Company's contribution to environmental protection and local community service.

C- The Company's annual audited financial statements benchmarked with the previous year, this shall include the following:

- 1- The balance sheet.
- 2- The profit and loss account.
- 3- The cash flow statement.
- 4- Statement of changes in shareholders' equity.
- 5- Explanatory notes to the Financial Statements.

D- The auditors' report on the Company's annual financial statements, including an affirmation that the audit procedures are consistent with the audit standards adopted by these Instructions.

E-1- A declaration from the Board of Directors that there are no substantial matters that might affect the Company's continuity during the next fiscal year.

2- A declaration by the Board of Directors affirming its responsibility for the preparation of the financial statements and for providing an effective system of controls within the Company.

3- A declaration affirming the correctness, accuracy and completeness of the information and data stated in the report, signed by the Chairman of the Board of Directors, the Company's General Manager, and the Financial Manager.

Article (5):

The issuing Company shall publish its annual statements within three months of the end fiscal year, after their approval by the Company's Board of Directors directly upon releasing the report of the Company's auditors, and prior to their distribution to the shareholders. The published material shall also include an adequate summary of the Board of Directors' report and the report of the Company's auditors.

Article (6):

A- The Board of Directors of the issuing Company shall prepare a comparative semi-annual report and provide the commission therewith, such report shall be published within one month from the date of the end of that period.

B- The report mentioned in Paragraph (A) of this Article shall include:

- 1- The balance sheet.
- 2- The profit and loss account.
- 3- Changes in shareholders' equity.
- 4- The cash flow statement.
- 5- The required explanatory notes.
- 6- The Company auditor's report which shall include an affirmation that the records and financial statements have been audited consistently with the audit standards adopted by these Instructions.
- 7- A brief summary of the results of the Company's activities for the period in comparison to the "Future Plans" which has been set earlier.

Article (7):

Any issuing Company which changes its fiscal year shall prepare the financial statements indicated below covering the transitional period from the end of the preceding fiscal year until the beginning of the new fiscal year. The Company shall publish such statements and provide the Commission therewith within forty-five days from the end of the transitional period, such statements shall be audited by the Company's auditors:

- A- The balance sheet.
- B- The profit and loss account during the transitional period.
- C- The cash flow statement.
- D- Changes in the shareholders' equity.
- E- The financial statements explanatory notes.
- F- The auditor's report for the transitional period.

Article (8):

The issuing Company shall notify the Commission, without delay and through any means that ensure the required swiftness, and shall promptly issue public notice of, any emerging Material Fact and especially the following: A- The important changes that occur in any of the following:

- 1- The Company's assets.
- 2- The Company's long and short term obligations and any attachments upon its assets.
- 3- The capital structure.
- 4- The Company's credit rating, if any, and changes thereto.
- 5- The Company's products.
- 6- Changes in share ownership, which affects control of the Company.
- B- Major transactions concluded by the Company and rescissions thereof, and the Board of Directors' evaluation of the anticipated impact of such on the Company's profitability and its financial position.
- C- Non-recurrent transactions, which might affect the profits of the Company or the financial position thereof.
- D- Any disasters, fires or accidents and their anticipated impact on the Company's financial position.
- E- Any unanticipated material losses which has affected the Company's financial position, and the causes thereof.
- F- The Board of Directors important decisions, which might affect the prices of the securities, issued by the Company including the decisions related to:
 - 1- Issuance of new securities, or amortization of any existing securities.
 - 2- Changes in the capital investments, or in the Company's objectives, or in its markets.
 - 3- Initiation of a merger.
 - 4- Distribution of dividends.
 - 5- Buyback by the issuing Company of its own shares or any disposal thereto.
 - 6- Voluntary liquidation
- G- The decisions of the Company's General Assembly.
- H- The invitation for an extraordinary General Assembly meeting.
- I- The formation of a new board of directors for the company and the resignation of any board member with a statement of causes thereof, in addition to any appointment decisions by the board of directors of new board members or nomination of new

representatives of the legal persons on the board or any vacancy in any of those positions upon occurrence within three working days, and upon receiving the Central Bank of Jordan consent for banks within three working days.

J- Discontinuation of the Company's activities or of those of any of its branches, factories or subsidiaries and the reasons thereto.

K- Any actions brought by or against the Company or any judicial or labour disputes that might materially affect the Company's financial position, whereby the Commission must be provided with a thorough report about such proceedings or disputes, and their expected impact on the Company's profitability and financial position.

Article (9):

- A. The issuing Company shall provide the Commission with a detailed report about any Material Fact with a copy of the public statement within a week from its occurrence.
- B. The Company shall promptly issue a public statement to confirm, deny or correct any news item about a Material Fact pertaining to the issuing Company, which is published in the media, and shall provide the Commission with a copy of such a statement.

Article (10):

Each registered person practicing financial brokerage in any financial services Company shall provide the Commission with monthly reports about any dealings in securities, including sale and purchase thereof, by the broker or relatives thereof, within seven days from the end of the month in which the dealing took place.

Article (11):

The issuing Company shall notify the Commission in writing of the names, positions and qualifications of appointed or resigning Senior Executive Management within seven days of the appointment or resignation.

Article (12):

Any Insider in the issuing Company shall notify the Commission in writing within one week of his election or appointment about any securities issued by this Company, its subsidiaries, affiliates, or sister or parent Company which are owned by himself or his relatives, and shall notify the Commission in writing of any changes to such within one week thereof.

Article (13):

Any person acquiring or having, for the first time, disposal of 5% or more of any securities of the same issuing Company shall notify the Commission of such in writing within one week of occurrence. The said person shall also notify the Commission in writing of any 1% increase in acquisition within one week of such occurrence, and shall disclose motives for any purchase above the 10% rate.

Article (14):

The international accounting standards issued by the Board of International Accounting Standards are hereby adopted whereby all the parties subject to the Commission's monitoring shall prepare their financial statements consistently therewith.

Article (15):

- A- The Board of Directors of the issuing Company shall form an Auditing Committee of three non-executive Board members who are natural persons, and shall designate one of them as head of the Committee and notify the Commission thereof, and of any changes thereto and the cause of such.
- B- Any member of the Board of Directors shall be considered as non-executive, if the member is neither an employee of the Company nor receiving a salary therefrom.
- C- The Auditing Committee shall meet periodically and report to the Board of Directors, provided its meetings shall be at least four per annum and the minutes of such meetings shall be duly recorded.
- D-The Auditing Committee shall undertake the following:
- 1- Discussing the matters related to the nomination of the external auditor; ensuring the auditor's fulfillment of the Commission's prerequisite and that there is no reason which might influence his independence; and examining the extent to which the auditor's other activities may affect such independence.
 - 2- Discussing the auditor's work, including his comments, suggestions and reservations, and the management's response thereto and submitting recommendations thereabout to the Board of Directors.
 - 3- Reviewing the Company's correspondence with the external auditor, evaluating their contents, and providing comments and recommendations thereabout.
 - 4- Observing the Company's compliance with the Securities Law, and the Regulations, Instructions and decisions issued pursuant thereto.
 - 5- Examining the periodical reports prior to their presentation to the Board of Directors and submitting recommendations thereabout which shall address specifically:
 - A. Changes in the accounting policies.
 - B. Changes in the Company's accounts as a result of the auditing operations or of the auditor's suggestions.
 - 6-Examining the auditor's work plan and ensuring that the Company is providing the auditor with all required facilities to perform his work.
 - 7- Examining and evaluating the internal monitoring procedures, and reviewing the external auditor's assessment of such procedures, and the internal monitoring reports, particularly those related to any violations found by the internal auditor.
 - 8- Making recommendations to the Board of Directors related to the internal audit procedures and the work of the internal auditor.
 - 9- Ensuring that there are no clashes of interest that might arise from the Company's transactions, contracts or projects with the parties concerned.
 - 10- Any other matters as decided by the Board of Directors.
- E-The Auditing

Committee shall have the following authorities:

- 1- Requesting any information from the Company's employees, whereby the employees shall cooperate by providing such information fully and accurately.
- 2- Seeking legal, financial, administrative or technical advice from any external consultant.
- 3- Summoning any employee in the Company, to obtain any further explanations, if necessary.
- 4- Summoning the external auditor if it deems necessary to discuss any matter related to his work at the Company. The committee may also require the auditor to provide a written clarification or opinion.
- 5- Recommending to the Board of Directors the nomination of an external auditor to be elected by the General Assembly.
- 6- Nominating an internal auditor for the Company to appoint.

Article (16):

The international auditing standards issued by the International Federation of Accountants are hereby adopted in auditing the accounts of the parties subject to the monitoring of the Commission.

Article (17):

The auditor of any of the parties subject to the monitoring of the Commission shall:

- A. Hold a valid licence to practice auditing.
- B. Be a member of the Jordanian association of certified Accountants.
- C. Be classified in category (A) according to the applicable Auditors Classification Regulations.
- D. Have practiced auditing for at least three consecutive years at full time basis after obtaining the license to practice.
- E. Have one or more partners or employees who are auditors and who satisfy the above conditions.

Article (18):

Subject to provisions of the Companies Law, the Company's external auditor report shall include the following:

- A- The date of the report.
- B- The name of the audit bureau and the auditor's name, signature, license number, classification category and address.
- C- The financial statements covered by the report.
- D- A statement that the audit procedures have been conducted in accordance with the international auditing standards.
- E- The auditor's opinion on the authenticity and probity of the financial statements and his affirmation that such statements have been prepared in accordance with the international accounting standards.

Article (19):

Subject to provisions of the Companies Law in force, the Company's auditor shall clarify the reasons for any reservations, adverse opinion, or statement of withheld opinion made in his report on the annual financial statements, and shall indicate the impact of such reasons on the financial statements and notify the Commission thereof. The said Company shall provide the Commission in writing with its opinion on the aforementioned auditor's report within two weeks from receiving the report.

Article (20):

The Company shall notify the Commission in writing within two weeks thereof if a new auditor is elected, or if the auditor is changed during the year, or if the auditor's position becomes vacant for any reason. The notice shall include the following:

A- A statement as to whether the auditor has voluntarily excused himself from performing his duty and the reasons therefor.

B- A statement as to the existence of any disagreement between the auditor and the Company's Board of Directors.

C- A statement as to whether the auditor's report included a reservation on the Company's financial statements during the two preceding fiscal years.

Article (21):

If the auditor excuses himself from auditing a Company's account for whatever reasons, or if a dispute arises between the auditor and the Company's management, the auditor shall notify the Commission in writing about the reasons therefore within two weeks of the occurrence.

Article (22):

A- For the purposes of these Instructions, the term publish shall mean the publishing of the relevant information and data for one time in at least one daily newspaper in Arabic.

B- For the purposes of these Instructions, the term "declare" means the making of a press release to be published in at least one daily newspaper.

C- The responsibility for any publication and declaration and for any contents thereof shall be that of the Chairman of the Board of Directors or anyone assigned or authorized thereby in writing.

Article (23):

A- The following persons of the issuing Company shall be considered not exclusively Insiders ex-officio:

1- The Chairman of the Board of Directors of the issuing Company.

2- The Members of the Board of Directors.

3- The General manger.

4- The Financial Manager.

5- The Internal Auditor.

6- Relatives of the above-mentioned persons.

B- The natural person representing any juristic person occupying such a position shall be considered an Insider.

Article (24):

The Instructions of Disclosure; Accounting, Auditing Standards and the Conditions to be fulfilled in Auditors of the Entities Subject to Securities Commission's supervision No. (1) for the year 1998 shall be repealed.