NATIONAL PETROLEUM PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2023

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of National Petroleum Public Shareholding Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Petroleum Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 financial statements for the year ended 31 December 2023. In addition to the matters described in the basis for opinion paragraph. These matters were addressed in the context of our audit of the 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 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 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 financial statements.

Revenue recognition	**How the key audit described matter was addressed in the audit**
The details of this item are described in note (15) to the financial statements. The Company recognises revenue from sale of gas in accordance with IFRS (15) at the fair value of the consideration received or receivable and when it is probable to collect such consideration. The Company sells its entire production of gas to limited number of customers. According to the Concession Agreement, the Company's share of gas sales revenue is recognized upon supply of gas and issuance of the invoice to customers. The review of the revenue recognition method of the Company's share of revenue from the sale of gas and recovered costs revenue and the accuracy of revenues recognized was a key audit matter during the course of the audit.	The audit procedures included the review of the accounting policies used in recognizing revenues in accordance with International Financial Reporting Standards. We also reviewed the Company's internal controls around revenue recognition and key controls within the revenue cycle. We have tested the accuracy of revenue recognized through matching the issued invoices with contracts and selling prices published and agreed. We also recalculated the Company's share of total gas revenue in accordance with the Concession Agreement.

Other information included in the Company's 2023 annual report

Other information consists of the information included in the Company's 2023 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

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

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current 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 Company maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Osama Fayez Shakhatreh; license number 1079.

Amman – Jordan
13 February 2024

ERNST & YOUNG
Amman - Jordan

NATIONAL PETROLEUM PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD
ASSETS			
Non-current assets -			
Property and equipment	3	2,428,048	2,339,992
Intangible assets		-	18,951
Gas assets	4	4,975,359	7,335,631
Projects in progress	5	9,746,036	3,744,036
		17,149,443	13,438,610
Current assets -			
Inventories	6	15,178,854	13,759,101
Accounts receivable	7	5,746,941	6,796,542
Other current assets	8	1,619,392	1,542,430
Cash at banks	9	14,871,009	11,707,267
		37,416,196	33,805,340
Total assets		54,565,639	47,243,950
EQUITY AND LIABILITIES			
Equity -			
Paid in capital	10	15,000,000	15,000,000
Statutory reserve	10	8,217,930	7,496,702
Retained earnings		20,066,975	14,777,772
Total shareholder’s equity		43,284,905	37,274,474
Liabilities -			
Non-current liabilities -			
End of service indemnity provision	11	2,794,017	2,490,249
Current liabilities -			
Due to Ministry of Finance	12	6,727,029	6,275,421
Accounts payable		15,258	23,686
Other current liabilities	13	313,541	467,630
Income tax provision	14	1,430,889	712,490
		8,486,717	7,479,227
Total liabilities		11,280,734	9,969,476
Total equity and liabilities		54,565,639	47,243,950

The attached notes 1 to 29 form part of these financial statements

NATIONAL PETROLEUM PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD
Company's share of gas revenue	15	3,381,840	3,005,475
Recovered costs	15	10,145,521	9,016,424
		13,527,361	12,021,899
Al Sarhan field project income	17	2,433,141	3,191,359
Hamza field project income	17	463,845	987,643
Interest income		690,578	512,272
Other income		226,512	155,666
		3,814,076	4,846,940
Operating expenses	18	(5,994,673)	(7,479,945)
Administrative expenses	19	(1,285,919)	(1,475,938)
Al Sarhan field project expense	17	(2,430,582)	(2,727,725)
Hamza field project expense	17	(367,974)	(902,771)
Al-Safawi exploration expenses		(15,011)	(11,096)
Board of Director's remuneration		(35,000)	(35,000)
		(10,129,159)	(12,632,475)
Profit for the year before income tax		7,212,278	4,236,364
Income tax expense	14	(1,201,847)	(1,374,045)
Profit for the year		6,010,431	2,862,319
Add: Other comprehensive income items		-	-
Total comprehensive income for the year		6,010,431	2,862,319
		JD / Fills	JD / Fills
Basic and diluted earnings per share	20	0/401	0/191

The attached notes 1 to 29 form part of these financial statements

NATIONAL PETROLEUM PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Paid-in capital	Statutory reserve	Retained earnings	Total
	JD	JD	JD	JD
2023 -				
Balance as at 1 January	15,000,000	7,496,702	14,777,772	37,274,474
Total comprehensive income for the year	-	-	6,010,431	6,010,431
Transferred to statutory reserve (note 10)	-	721,228	(721,228)	-
Balance as at 31 December	15,000,000	8,217,930	20,066,975	43,284,905
2022 -				
Balance as at 1 January	15,000,000	7,073,066	12,339,089	34,412,155
Total comprehensive income for the year	-	-	2,862,319	2,862,319
Transferred to statutory reserve (note 10)	-	423,636	(423,636)	-
Balance as at 31 December	15,000,000	7,496,702	14,777,772	37,274,474

NATIONAL PETROLEUM PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD
OPERATING ACTIVITIES			
Profit for the year before income tax		7,212,278	4,236,364
Adjustments:			
Depreciation and amortization		2,875,215	3,189,479
Interest income		(690,578)	(512,272)
End of service indemnity provision	11	444,045	276,312
Unsuccessful gas well amortization expenses	18	-	1,301,524
Gain on sale of property and equipment		-	(9,449)
Working capital changes:			
Inventories		(2,513,538)	(5,143,032)
Accounts receivable		1,049,601	(1,850,150)
Other current assets		(76,962)	31,418
Due to Ministry of Finance		451,608	1,254,033
Accounts payable		(8,428)	(39,180)
Other current liabilities		(154,089)	164,304
End of service indemnity paid	11	(140,277)	(59,603)
Income tax paid	14	(483,448)	(1,617,879)
Net cash flows from operating activities		7,965,427	1,221,869
INVESTING ACTIVITIES			
Interest income received		690,578	512,272
Purchase of property and equipment		(187,550)	(262,332)
Projects in progress	5	(5,304,713)	(4,738,924)
Deposits maturing within six months	9	2,000,000	(2,000,000)
Proceeds from sale of property and equipment		-	9,800
Net cash flows used in investing activities		(2,801,685)	(6,479,184)
Net increase (decrease) in cash and cash equivalents		5,163,742	(5,257,315)
Cash and cash equivalents at 1 January		9,707,267	14,964,582
Cash and cash equivalents at 31 December	9	14,871,009	9,707,267

The attached notes 1 to 29 form part of these financial statements

(1) GENERAL

National Petroleum Company (the "Company") is a public shareholding company incorporated on 21 June 1995 under the registration No. 284 with paid in capital of JD 20,000,000 divided into 20,000,000 shares of JD 1 each. The capital has been amended several times; the last amendment was on 1 November 2001, when a merger took place between Petra Drilling Company and National Petroleum Company at book value. As a result of this merger, the articles of association and bylaws were adjusted as per the Companies Law. The authorized and paid-in capital became JD 15,000,000 at par value of JD 1 each subscribed as follows:

	Share/ JD
- Government Investment Management Company *	14,987,890
- Safwa Islamic Bank	12,110

* According to the Council of Ministers decision No. (286) dated 28 June 2016 and in accordance with the letter from the Government Investment Management Company No. 47/2016 dated 1 August 2016, which included the transfer of the contribution of the Ministry of Finance in National Petroleum Company to the Government Investment Management Company.

The main objectives of the Company are to explore oil and natural gas and other hydro carbonic materials, treatment and storing of hydro carbonic materials, establish, manage and invest in specialized ports for storing, transporting and exchanging oil and gas, trading in crude and untreated oil with its derivatives inside and outside Jordan, contribute in the establishment of related projects, perform drilling activities, and establish workshops to maintain, test and provide all support services for drilling activities.

The Company sold its entire production of natural gas from Al-Risha field (located in the east of Jordan) to the Central Electricity Generating Company (CEGCO) until 17 October 2022 and started to sell its entire production to National Electric Power Company from 21 December 2022.

According to the Council of Ministers decision no. 58/11/1/25161 dated 28 May 2017, the selling price of gas has been changed from JD 0.05 per cubic meter to become 70% the average price of natural gas available to the National Electric Power Company (NEPCO) and the manufacturing sector from all available sources. The average price for the monthly production of natural gas from Al-Risha field is determined by the pricing committee appointed by the Council of Ministers.

According to the Council of Ministers decision no. 58/1/11/45109 dated 31 October 2019, the selling price of gas produced and sold by the company in excess of the first 9 million cubic foot is set at 50% the average price of natural gas available to the National Electric Power Company (NEPCO) and the manufacturing sector from all available resources with a maximum price of JD 4 for each million British Thermal Unit (BTU) and a minimum price of JD 2.5 for each million BTU.

The Company's head office location is in, Za'al Abu Tayeeh Street, Um Al-Summaq, Amman – Jordan.

The financial statements were authorized for issuance by the Company's Board of Directors on 30 January 2024.

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION -

The financial statements are prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Jordanian Dinars which represents the functional currency of the Company.

(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 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

Definition of Accounting Estimates - Amendments to IAS (8)

In February 2021, the IASB issued amendments to IAS (8), in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective from 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

This amendment had no impact on the financial statements of the Company.

Disclosure of Accounting Policies - Amendments to IAS (1) and IFRS Practice Statement (2)

In February 2021, the IASB issued amendments to IAS (1) and IFRS Practice Statement (2) Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

This amendment had no impact on the financial statements of the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS (12)
In May 2021, the Board issued amendments to IAS (12), which narrow the scope of the initial recognition exception under IAS (12), so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

This amendment had no impact on the financial statements of the Company.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS (12)
The amendments to IAS (12) have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

This amendment is not applicable on the Company as the Company is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

(2-3) USE OF ESTIMATES -

The preparation of the 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 as well as fair value changes reported in equity. 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.

Useful lives of property and equipment

The Company's management determines the estimated useful lives of the property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset. The assets' useful lives and the residual values are reviewed, and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Provision for expected credit losses

For all debt instruments, the Company has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Income tax provision

The Company's management calculates income tax expense for the year based on reasonable estimates for the potential audit results through the Sales and Income Tax Department. The amount of income tax provision depends on various factors such as the Company's experience from previous years' tax audit. In addition, the Company appoints an independent tax advisor to review the income tax provision calculation.

Provision for slow moving inventories

The management of the Company estimates the provision for slow moving inventories based on a study prepared by the management and is reviewed periodically in accordance with its internal policies.

Provision for legal cases

A provision is established against court cases where the Company is the defendant, based on a legal study provided by the Company's legal advisor which determines the risk that may occur. These studies are reviewed periodically.

Capitalization of employees' salaries

The Company allocates salaries expenses for employees working on projects in progress based on the experience of the management and engineers supervising these projects.

(2-4) SUMMARY OF SIGNIFICANT ACCOUNTS

Property and equipment -

Property and equipment are stated at cost net of accumulated depreciation and any impairment in value. The cost of assets and accumulated depreciation is eliminated when the property and equipment sold or disposed, and any profit or loss is recognized in the statement of comprehensive income.

Property and equipment (excluding land) are depreciated using the straight-line method over the estimated useful life using the following rates:

	%
Buildings and construction	2-15
Production stations	15
Excavators	10
Camps	10
Workshops and laboratories	10-15
Machinery and vehicles	15
Office equipment	15
Furniture and fixtures	10

The book values of property and equipment are reviewed whether there is an indication of impairment or when the carrying values exceed the estimated recoverable amounts the carrying values decreased to rach the recoverable amounts and the impairment recorded in the statement of comprehensive income.

The useful lives of property and equipment items are reviewed at each year end to ensure that the period of depreciation is consistent with the expected pattern of economic benefits made in prior periods.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of related items of property and equipment. All other expenditures are recognized as expenses in the statement of comprehensive income as incurred.

Intangible assets -

Intangible assets are carried at cost less any accumulated amortization or impairment losses, if any.

The useful lives of these intangible assets are assessed as either finite or indefinite. Intangible assets with finite live are amortized over the useful economic lives and the amortization expense is recognized in the statement of comprehensive income. Intangible assets with indefinite useful lives are not amortised but are tested for impairment at the date of financial statements, the impairment expenses on intangible assets is recognised in the statement of comprehensive income.

Amortization is calculated on a straight-line basis over the estimated useful lives of assets as follows:

Computer software	20%

Exploration and evaluation costs (valuation) and Gas assets -
Exploration costs are accounted for by using the “successful efforts” method as follows:

The costs related to obtaining the exploration rights, exploratory drilling, well testing and evaluation are initially capitalized as intangible assets.

All costs of carrying and retaining undeveloped properties seismic information, and geophysical / geological studies are expensed in the statement of comprehensive income as incurred.

If it is determined that the well does not have proven reserves, the capitalized costs, net of any salvage value is fully amortized in the year that such information becomes available. If it is determined that the well has proven reserves, then all related costs are capitalized as gas properties and are amortized over the economic life of the well.

Projects in progress -
Projects in progress are shown at cost and include the cost of construction equipment and direct expenses. Projects are depreciated only when assets related to them are completed and ready for use.

An impairment study is conducted on projects in progress when there is evidence indicating the inability to recover their book value. If there are any indicators and when the book value exceeds the expected recoverable amount, the book value of the projects is reduced to the expected recoverable amount.

Inventories -
Inventories are valued at the lower of cost and net realizable value, cost of inventories represents costs incurred in bringing each product to its present location and conditions and are accounted for using weighted average costing method.

An impairment study is conducted on projects in progress when there is evidence indicating the inability to recover their book value. In the presence of such indicators and when the book value exceeds the expected recoverable amount, the book value of the projects is reduced to the expected recoverable amount.

Accounts receivable -
Accounts receivable are stated at original invoice amount less any provision for any uncollectible amounts or expected credit loss. The Company applies a simplified approach in calculating ECLs. The Company has established a provision matrix that is based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash at banks -

For the purpose of preparing the statement of cash flows, cash and cash equivalents consist of cash at banks and short-term deposits maturing within three months or less.

End of service indemnity provision -

The Company calculates the end of service benefits to employees in accordance with IAS (19). It is recorded on the basis of the present value of future cash flows and using an interest rate that represents the interest rate on governmental bonds.

Long term payables -

Payments to the Ministry of finance are recognized as balances due from the Ministry of Finance and are recorded at fair value using the effective interest method. Gains or losses are recognized in the statement of comprehensive income when discounted or impaired.

Accounts payable and accruals -

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

Provisions -

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Revenue and expense recognition -

In accordance with IFRS (15), revenue recognized from the sale of gas is measured at the fair value of the consideration received or receivable and when it is probable to collect such consideration.

According to the Concession Agreement, the Company’s share of total gas revenue is recognized upon dispatch of gas and issuance of the invoices to customers. Record costs of revenue is recognized upon dispatch of gas and realization of cost recovery.

Under IFRS (15), revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy.

Interest income is recognized using the Effective Interest Rate (EIR) method.

Expenses are recognized on an accrual basis.

Income tax -
The Company provides for income tax in accordance with the Income Tax Law (34) for the year 2014 as mandated by the Concession Law No. (1) for the year 2010 which states that the statutory income tax rate for the Company is fixed at 15% as mentioned in paragraph (F) of article (6) of the concession law No. (1) of 2010 and in accordance with IAS (12).

Deferred taxes are the taxes expected to be paid or recovered as a result of temporary differences between the carrying amount of assets or liabilities in the financial statements and the value on which taxable income is based. Deferred taxes are calculated using the liabilities method on the financial position, and deferred taxes are computed based on the tax rates expected to be applied when settling the tax liabilities or realizing deferred tax assets.

Foreign currencies -
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Impairment of financial assets -
The Company recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any) .

The Company has established a provision calculation that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of non-financial assets -
The Company 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 Company 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.

Current versus non-current classification -

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- that there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Fair value measurement -

The Company measures financial instruments such as financial assets at fair value at the financial statements date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Earnings Per share -
Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares (after deducting treasury shares).

Contingent assets and liabilities -
Contingent liabilities are not recognized in the financial statements but are disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefit is possible.

(3) PROPERTY AND EQUIPMENT

	Head office land	Buildings and construction	Production stations	Excavators	Camps	Workshops and laboratories	Machinery and vehicles	Office equipment	Furniture and Fixtures	Total
2023 -	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost -										
Balance as at 1 January	234,635	2,255,572	11,171,121	9,688,929	463,920	702,017	978,824	461,988	98,364	26,055,370
Additions	-	-	700	76,563	60,000	-	16,900	25,667	7,720	187,550
Transferred from projects in progress (note 5)	-	396,498	-	-	-	-	-	-	-	396,498
Disposals	-	-	-	(42,452)	-	-	-	-	-	(42,452)
Balance as at 31 December	234,635	2,652,070	11,171,821	9,723,040	523,920	702,017	995,724	487,655	106,084	26,596,966
Accumulated depreciation -										
Balance as at 1 January	-	1,543,987	11,146,533	8,755,297	361,128	695,293	725,600	404,951	82,589	23,715,378
Depreciation for the year	-	63,106	11,135	311,582	20,654	1,797	57,267	26,400	4,051	495,992
Disposals	-	-	-	(42,452)	-	-	-	-	-	(42,452)
Balance as at 31 December	-	1,607,093	11,157,668	9,024,427	381,782	697,090	782,867	431,351	86,640	24,168,918
Net book value -										
At 31 December	234,635	1,044,977	14,153	698,613	142,138	4,927	212,857	56,304	19,444	2,428,048

	Head office land	Buildings and construction	Production stations	Excavators	Camps	Workshops and laboratories	Machinery and vehicles	Office equipment	Furniture and Fixtures	Total
2022 -	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost -										
Balance as at 1 January	234,635	2,161,214	11,167,258	9,659,664	463,920	698,677	807,272	438,201	95,539	25,726,380
Additions	-	-	3,863	29,265	-	3,340	199,252	23,787	2,825	262,332
Transferred from projects in progress (note 5)	-	94,358	-	-	-	-	-	-	-	94,358
Disposals	-	-	-	-	-	-	(27,700)	-	-	(27,700)
Balance as at 31 December	234,635	2,255,572	11,171,121	9,688,929	463,920	702,017	978,824	461,988	98,364	26,055,370
Accumulated depreciation -										
Balance as at 1 January	-	1,500,206	11,100,041	8,340,770	345,896	693,240	699,150	382,229	78,842	23,140,374
Depreciation for the year	-	43,781	46,492	414,527	15,232	2,053	53,799	22,722	3,747	602,353
Disposals	-	-	-	-	-	-	(27,349)	-	-	(27,349)
Balance as at 31 December	-	1,543,987	11,146,533	8,755,297	361,128	695,293	725,600	404,951	82,589	23,715,378
Net book value -										
At 31 December	234,635	711,585	24,588	933,632	102,792	6,724	253,224	57,037	15,775	2,339,992

(4) GAS ASSETS

This amount represents the re-entry costs of Al Risha wells (Well 48, well 49, well 50, well 51, well 53, well 54 and well 55) as at 31 December 2023.

Movements on gas assets during the year were as follows:

	2023	2022
	JD	JD
Balance as at 1 January	7,335,631	6,208,734
Amortization during the year (note 18)	(2,360,272)	(2,568,176)
Transferred from projects in progress (note 5)	-	3,695,073
Balance as at 31 December	4,975,359	7,335,631

Gas assets are amortized over five years.

(5) PROJECTS IN PROGRESS

This amount represents the cost of drilling new wells (Well 56, well 57, well 58, well 59, well 60, well 61, and well 62) and Al Sarhan field (WSD1, WSD 2 and JF-3), in addition to other construction projects in progress as at 31 December 2023.

Movements on projects in progress during the year were as follows:

	2023	2022
	JD	JD
Balance as at 1 January	3,744,036	4,096,067
Additions during the year	5,304,713	4,738,924
Transferred from inventories	1,093,785	-
Transferred to property and equipment (note 3)	(396,498)	(94,358)
Transferred to gas assets (note 4)	-	(3,695,073)
Unsuccessful gas well amortization expenses (note 18)	-	(1,301,524)
Balance as at 31 December	9,746,036	3,744,036

The total estimated cost of completion of the remaining projects in progress as of 31 December 2023 is JD (5 million) and its estimated to be completed during quarter 3 from 2024.

(6) INVENTORIES

	2023	2022
	JD	JD
Gas station spare parts and supplies	4,917,412	1,562,664
Spare parts, wells equipment and excavators	9,282,951	7,091,735
Goods in transit	1,498,491	5,624,702
	15,698,854	14,279,101
Provision for slow moving spare parts and supplies	(520,000)	(520,000)
	15,178,854	13,759,101

There was no movement on the provision for slow moving spare parts and supplies during 2023 and 2022.

(7) ACCOUNTS RECEIVABLE

	2023	2022
	JD	JD
National Electric Power Company (note 22)	5,682,953	551,621
Trans-Global International Company	927,340	927,340
Reda Kannan & Sons Company	46,222	46,222
Ministry of Energy and Mineral Resources (note 22)	8,159	3,845,356
Central Electricity Generating Company (note 22)	-	2,393,431
Others	55,829	6,134
	6,720,503	7,770,104
Less: Allowance for expected credit losses	(973,562)	(973,562)
	5,746,941	6,796,542

Central Electricity Generation Company and National Electric Power Company settle their outstanding balances every (45) days after the end of each month according to its agreements.

Expected credit losses in the amount of JD 973,562 as at 31 December 2023 and 2022 and have been fully provisioned for.

The Company expects unimpaired receivables to be fully recoverable. The Company does not obtain collateral against accounts receivable.

(8) OTHER CURRENT ASSETS

	2023	2022
	JD	JD
Employees' receivables	1,258,676	1,312,176
Refundable deposits	194,110	97,015
Income and sales tax deposits	93,883	39,805
Work injury claims	38,123	53,889
Former Board of Directors' receivables (recovered remunerations)	9,591	12,989
Prepaid Expenses	7,000	8,000
Others	18,009	18,556
	1,619,392	1,542,430

(9) CASH AT BANKS

	2023	2022
	JD	JD
Deposits maturing within three months*	12,000,000	8,000,000
Deposits maturing within six months**	-	2,000,000
Demand deposits***	2,871,009	1,707,267
	14,871,009	11,707,267

* Time deposits are held in Jordanian Dinars for periods not exceeding 3 months and bear an interest rate 6.56%. (2022: 4.63%).

** No time deposits were held in Jordanian Dinars exceeding 6 months as of 31 December 2023 (31 December 2022: Time deposits were held within a period exceeding 6 months and bear an interest rate of 5.5%).

*** On demand deposits held in Jordanian Dinar bear an interest rate between 1% to 2.5%. (2022: between 1% to 2.5%).

For the purpose of the statement of cash flows, cash and cash equivalents consist of the following:

	2023	2022
	JD	JD
Cash at banks	14,871,009	11,707,267
Less: Deposits maturing within six months	-	(2,000,000)
Cash and cash equivalent	14,871,009	9,707,267

(10) SHAREHOLDERS' EQUITY

Paid-in capital -
The authorized and paid in capital amounts to JD 15,000,000 divided into 15,000,000 shares at par value of JD 1 each as of 31 December 2023 and 2022.

Statutory reserve -
As required by the Jordanian Companies Law, 10% of the annual profit for the year before income tax is to be transferred to statutory reserve. This reserve is not available for distribution to the shareholders.

(11) END OF SERVICE INDEMNITY PROVISION

Movements on the provision for end of service indemnity were as follows:

	2023	2022
	JD	JD
Balance as at 1 January	2,490,249	2,273,540
Provision during the year (note 18 and 19)*	444,045	276,312
Paid during the year	(140,277)	(59,603)
Balance as at 31 December	2,794,017	2,490,249

* The provision for end of service indemnity is calculated for all employees based on one month salary for each year of service using the employee's salary at the last day of service.

(12) DUE TO MINISTRY OF FINANCE

According to the Council of Ministers decision no. 58/1/11/28800 dated 15 July 2020, an agreement was reached for the Company to retain the Ministry of Finance's share of Company revenues for the years 2020 and 2021 as part of the Company's budget, as well as to undertake the necessary procedures to provide the Company with the facilities, for the purpose of exploration and to reach the excavation stage.

The Company had addressed the Minister of Finance through letter no. 32/3/237 dated 2 February 2020 requesting that the revenues which were retained as part of the agreement to be considered as non-refundable grant. There has been no response to the Company's request as of the date of preparation these financial statements.

(13) OTHER CURRENT LIABILITIES

	2023	2022
	JD	JD
Provision for legal cases (note 23)	153,900	158,400
Board of Directors' remuneration (note 22)	35,000	35,000
Accrued expenses	34,402	58,320
Sales tax payable	8,872	140,609
Others	81,367	75,301
	313,541	467,630

(14) INCOME TAX

The income tax provision for the years ended 31 December 2023 and 2022 was calculated in accordance with the Income Tax Law number (34) for the year 2014 and its amendments as mandated by the Concession Law No. (1) for the year 2010 which states that the statutory income tax rate for the Company is fixed at 15% of taxable income related to its operations under the concession in addition to a national contribution at a rate of 1% of taxable income for each year.

Movements on the provision for income tax were as follows:

	2023	2022
	JD	JD
Balance as at 1 January	712,490	956,324
Income tax expense during the year	1,201,847	712,490
Prior years' income tax expense	-	661,555
Paid during the year	(483,448)	(1,617,879)
Balance as at 31 December	1,430,889	712,490

Details of the income tax expense recorded in the statement of comprehensive income is as follows:

	2023	2022
	JD	JD
Income tax expense during the year	1,126,732	667,960
Prior years' income tax expense	-	661,555
National contribution expense	75,115	44,530
	1,201,847	1,374,045

Reconciliation between accounting profit and taxable profit is as follows:

	2023	2022
	JD	JD
Accounting profit	7,212,278	4,236,364
Add:		
Non-deductible expenses:		
End of service indemnity expense	444,045	276,312
Less		
Paid from end of service	(140,277)	(59,603)
Paid from labor legal cases provision	(4,500)	-
Taxable profit	7,511,546	4,453,073
Statutory tax rate (according to the concession law)	15%	15%
National contribution rate	1%	1%
Actual tax rate	16.66%	32.43%

The Company submitted its tax declarations to the Income and Sales Tax Department up to 2022. The Company obtained final clearance from the Income Tax Department up to 2021 without recognizing additional provisions (2021: JD 661,555).

(15) COMPANY'S SHARE OF GAS REVENUE

	2023	2022
	JD	JD
Gross gas revenue during the year (note 22)	16,909,201	15,027,374
-Recovered costs (note 16)	10,145,521	9,016,424
-Jordanian Government share (note 22)	3,381,840	3,005,475
-Company's share of gas revenue	3,381,840	3,005,475

(16) RECOVERED COSTS

The Petroleum Operations Cost Reimbursement Committee (the "Committee") formed by the Minister of Energy and Mineral Resources, approved petroleum operations costs of JD 121,975,352 for the period from 1 May 2002 to 31 December 2022 as reimbursable operational costs. The Company was reimbursed the following costs:

Period	Amount
	JD
2005	1,769,570
2010	5,538,635
2011	5,437,738
2012	4,909,185
2013	4,529,903
2014	4,116,873
2015	3,687,713
2016	3,493,253
2017	5,070,370
2018	7,405,606
2019	6,626,857
2020	8,340,151
2021	10,099,015
2022	9,016,424
2023	10,145,521
Total	90,186,814

The remaining and approved balance by the formed committee is JD 31,788,538 as at 31 December 2023.

The Committee reviewed the petroleum operations cost for the period between 1 January 2023 to 30 September 2023 is JD 5,879,787. The Committee has not issued their reports up to the date of these financial statements.

The Committee did not review the petroleum operations costs for the period from 1 October 2023 to 31 December 2023 in the amount of JD (959,467).

(17) HAMZA/AL SARHAN FIELD PROJECT

These items consist of revenues and expenses for providing services, operating and managing Hamza and Al Sarhan fields, performed during the year ended 31 December 2023 for the Ministry of Energy and Mineral Resources based on the Council of Ministers decision No. 58/11/1/18026 and 22/9/06192.

(18) OPERATING EXPENSES

	2023					2022
	Gas Station	Excavators	Exploration	Al Risha Wells	Total	Total
	JD	JD	JD	JD	JD	JD
Salaries, wages and other benefits	764,748	1,604,122	365,515	-	2,734,385	2,819,481
Depreciation and amortization	45,705	361,371	19,730	2,360,272	2,787,078	3,104,895
Spare parts and maintenance	474,833	889,145	-	418,295	1,782,273	1,226,802
Gas well completion costs	-	-	-	310,181	310,181	-
End of service indemnity (note 11)	46,352	83,091	27,126	-	156,569	180,511
Insurance expenses	9,892	27,139	412	-	37,443	37,896
Capitalization of salaries	(420,000)	(1,200,000)	(210,000)	-	(1,830,000)	(640,000)
Transferred to Hamza and Al Sarhan fields' projects expenses	-	-	-	-	-	(840,000)
Geophysical and reservoir studies	-	-	-	-	-	276,900
Unsuccessful gas well amortization expenses (note 5)	-	-	-	-	-	1,301,524
Other expenses	-	-	16,744	-	16,744	11,936
	921,530	1,764,868	219,527	3,088,748	5,994,673	7,479,945

(19) ADMINISTRATIVE EXPENSES

	2023	2022
	JD	JD
Salaries, wages, and other benefits	1,666,824	1,041,767
End of service indemnity (note 11)	287,476	95,801
Vehicles and fuel expenses	179,048	208,893
Travel and transportation expenses	127,760	67,466
Depreciation	88,137	84,584
Employee incentives	69,281	58,929
Board of Directors' fees, remuneration and transportation (note 22)	59,825	55,150
Consultancy fees	59,419	52,820
Telephone, electricity, and water	42,829	36,631
Maintenance expenses	41,820	61,583
Government fees, licenses, and penalties	29,164	24,980
Bank charges	29,103	20,770
Stationery, printings, and subscriptions	17,300	18,315
Training expenses	3,862	4,913
Hospitality expenses	7,252	8,555
Insurance expenses	5,694	2,209
Board of Directors' travel expenses (note 22)	1,500	-
Capitalization of salaries	(1,500,000)	(160,000)
Transferred to Hamza and Al Sarhan Fields' projects expenses	-	(260,000)
Other expenses	69,625	52,572
	1,285,919	1,475,938

(20) BASIC AND DILUTED EARNINGS PER SHARE

	2023	2022
	JD	JD
Profit for the year (JD)	6,010,431	2,862,319
Weighted average number of shares (Share)	15,000,000	15,000,000
	JD / Fills	JD / Fills
Basic and diluted earnings per share	0/401	0/191

(21) CONTINGENT LIABILITIES

As at the date of the financial statements, the Company had the following contingent liabilities:

	2023		2022	
	Amount	Cash margin	Amount	Cash margin
	JD	JD	JD	JD
Letters of guarantee	1,143,000	58,100	1,143,000	65,100
Letters of credit	4,375,347	131,260	905,526	27,165

(22) RELATED PARTY TRANSACTIONS

Related parties represent, major shareholders, board of directors and high key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of the transactions with related parties are approved by the Company's board of directors.

Statement of financial position items as at 31 December:

	2023	2022
Current Assets -	JD	JD
Accounts receivable -		
Central Electricity Generating Company (Associate of Government Investment Management Company) (note 7)	-	2,393,431
National Electric Power Company (Subsidiary of Government Investment Management Company) (note 7)	5,682,953	551,621
Ministry of Energy and Mineral Resources (note 7)	8,159	3,845,356
Current Liabilities -		
Due to Ministry of Finance (note 12)	6,727,029	6,275,421
Board of Directors’ remuneration (note 13)	35,000	35,000

Statement of comprehensive income items for the year ended 31 December:

	2023	2022
	JD	JD
Total gas invoices billed to Central Electricity Generating Company (Associate of Government Investment Management Company) (note 15)	-	14,475,753
Total gas invoices billed to National Electric Power Company (Subsidiary of Government Investment Management Company) (note 15)	16,909,201	551,621
Hashemite Kingdom of Jordan – Ministry of Energy and Mineral Resources (Hamza's Field project income) (note 17)	463,845	987,643
Hashemite Kingdom of Jordan – Ministry of Energy and Mineral Resources (Al Sarhan's Field project income) (note 17)	2,433,141	3,191,359
Jordanian Government share for the year (note 15)	3,381,840	3,005,475
Key management salaries and other benefits	408,192	348,644
Board of Directors' fees (note 19)	18,000	18,000
Board of Directors' transportation (note 19)	39,500	34,300
Board of Directors' remuneration (note 19)	2,325	2,850
Board of Directors' travel expenses (note 19)	1,500	-

(23) LITIGATIONS

The Company is a defendant in a number of lawsuits totaling JD 159,869 as at 31 December 2023. The management and legal consultant believe that the provision booked is sufficient to meet the obligations that may result from these cases and claims . The Company has a total lawsuit of JD 1,000 held against others as at 31 December 2023. (31 December 2022: Zero).

(24) GAS RESERVES

Based on the latest study conducted during 2006 by the international specialized consultant (IPR) in relation to gas reserves, it has been determined that the estimated reserves at the end of 2006 were 102.3 billion cubic feet. The study indicated that there is an overstatement in the degree of conservatism in this estimation since it was conducted in the area nearby the wells and it excluded the estimation of any gas reserve in most of the Al Risha field area.

Based on the results of continuous internal studies updated in 2007 and carried out by the Company, the minimum estimated gas reserves were 443 billion cubic feet.

The Company is conducting a comprehensive study for Al-Risha field by global experts. The final report which includes the valuation of gas reserves in different categories will be available in mid-2024's second quarter.

(25) FAIR VALUE FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash at banks, accounts receivable and other current assets. Financial liabilities consist of accounts payable, due to Ministry of Finance and some other current liabilities.

The fair value of the financial instruments is not materially different from their carrying values as of the financial statements date.

The table below shows the carrying value and fair value of the financial assets and liabilities which is not measured on continuous bases as of 31 December 2023 and 31 December 2022:

	31 December 2023		31 December 2022	
	Book Value	Fair Value	Book Value	Fair Value
	JD	JD	JD	JD
Financial Assets-				
Accounts receivable	5,746,941	5,746,941	6,796,542	6,796,542
Other current assets	1,619,392	1,619,392	1,542,430	1,542,430
Cash at banks	14,871,009	14,871,009	11,707,267	11,707,267
Financial Liabilities-				
Due to Ministry of Finance	6,727,029	6,727,029	6,275,421	6,275,421
Accounts payable	15,258	15,258	23,686	23,686
Other current liabilities	313,541	313,541	467,630	467,630

(26) RISK MANAGEMENT

Interest rate risk -

The Company is exposed to interest rate risk on its interest-bearing assets and liabilities such as deposits at banks.

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

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates as at 31 December, with all other variables held constant.

	Increase (Decrease) in interest rates	Effect on profit before tax for the year
2023 –	Basis Points	JD
Currency -		
JD	50	74,355
JD	(50)	(74,355)

	Increase (Decrease) in interest rates	Effect on profit before tax for the year
2022 –	Basis Points	JD
Currency -		
JD	50	58,536
JD	(50)	(58,536)

Credit risk -

Credit risk is the risk that counterparty will not meet its obligations to the Company.

The Company believes that it is not subject to high credit risk as it constantly monitors its receivables. The Company also maintains balances and deposits with reputable banking institutions.

Liquidity risk -

The Company monitors its liquidity by ensuring availability of funds to meet its obligations at their maturity dates through using the generated revenues of the Company. The Company limits its liquidity risk by ensuring bank facilities are available and monitoring the collection of accounts receivable.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates:

	Less than one year	Total
	JD	JD
As at 31 December 2023 -		
Due to Ministry of Finance	6,727,029	6,727,029
Accounts payable	15,258	15,258
Other current liabilities	313,541	313,541
Total	7,055,828	7,055,828
As at 31 December 2022 -		
Due to Ministry of Finance	6,275,421	6,275,421
Accounts payable	23,686	23,686
Other current liabilities	467,630	467,630
Total	6,766,737	6,766,737

Foreign currency risk -

Most of the Company's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar exchange rate is fixed against the US Dollar (USD 1.41 for JD 1). Accordingly, currency risk has no material impact on the financial statements.

(27) CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the current year and prior year.

Capital comprises paid in capital, statutory reserves, and retained earnings, and is measured at JD 43,284,905 as at 31 December 2023 against JD 37,274,474 as at 31 December 2022.

(28) STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Amendments to IFRS (16): Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS (16) to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS (16). Earlier application is permitted, and that fact must be disclosed.

These amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IAS (1): Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs (69) to (76) of IAS (1) to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

These amendments are not expected to have a material impact on the Company's financial statements.

Supplier Finance Arrangements - Amendments to IAS (7) and IFRS (7)
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS (7) Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

These amendments are not expected to have a material impact on the Company's financial statements.

(29) GAS PRODUCTION DURING THE YEAR 2022 AND 2023

On 18 October 2022, the Company's gas production and supply to the Central Electricity Generating Company was stopped in accordance with the letter of the Minister of Energy and Mineral Resources No. (م ن غ/٦٨٩٩/٩/٢٢) dated 29 September 2022 which referred to the letter of the CEO of the Central Electricity Generating Company No. (6/1/27/1938) dated 27 September 2022, which includes disconnection of the fourth and fifth gas units in Al Risha station from the electrical network by the end of 17 October 2023, The Company's gas production continued to be stopped for a period of (65) days, which negatively affected the gas sales as a result of the government's decision to transfer the ownership of the gas units from the Central Electricity Generating Company to Al-Samra Electricity Generation Company.

The Company has signed gas sale and purchase agreements with the National Electricity Power Public Shareholding Company to supply the Company's gas produced through the operator - Al-Samra Electricity Generation Company - with a maximum quantity of 18.5 million British Thermal Units per day, subject to increase up to 120% of the amount agreed upon with the approval of both parties. The gas selling price is determined according to the Petroleum Derivatives Pricing Committee assigned by the Council of Ministers. The term of the agreement is valid from 21 December 2022 to 31 December 2027.

The Company is currently in the process of conducting into several gas buying and selling agreements with several parties to purchase quantities of gas ranging from (4) to (20) million cubic feet per day, agreements have been signed with multiple companies such as: Jordan Liquified Gas Company, Eastern Jordan Company for Natural Liquefied Gas, and Modern Jordanian Company for Oil and Fuel Services. The Company aims to market future gas quantities by attracting petrochemical industries and other energy-intensive consumers.