



شركة السمرا لتوليد الكهرباء
Samra Electric Power Co. [SEPCO]

Annual Report

2022



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Samra Electric Power Plant

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**His Majesty King
Abdullah II Bin Al Hussein**



**His Royal Highness
Crown Prince Hussein bin Abdullah II**

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Abbreviations

SEPCO	Samra Electric Power Company
NEPCO	National Electric Power Company
KW	Kilowatt
MW	Megawatt = 1000 Kilowatt
MWH	Megawatt-Hour = 1000 Kilowatt. Hour
GWH	Gigawatt-Hour = one Million Watt. Hour
MBTU	Million British Thermal Unit (MBTU)
ISO	International Organization for Standardization
IMS	Integrated Management System
LTSA	Long Term Service Agreement

Managing Director's Message

As a continuation of Samra Electric Power company (SEPCO) career in success and excellence that has been taken as an approach to its work, the strategic objectives for 2022 have been accomplished based on the company's own capabilities, staff, and its qualified expertise.

As a result of the company's adoption of the concept of strategic planning and institutional development based on the best international management practices, the results of the company's work reflect its bright image and excellence within the energy sector to achieve a high level of superiority within the technical, administrative, and financial standards recognized in the business sector in general and the energy sector in particular. Accordingly, the company achieved the availability rate according to the target and planned values and completed the annual preventive and predictive maintenance programs and for all its generating units in traditional and renewable energy and maintaining the performance of operational units according to the foundations, standards, and customer requirements.

The company achieved operating profits of 43 million Jordanian dinars since it adopts accounting policies that adopt the best practices by planning and controlling its costs and rationalizing its expenditures, which reflects its ability to achieve targeted profits.

The company has also obtained certificates of excellence from local and international bodies and achieved the concept of total quality in accordance with the requirements of the ISO Certificate for Quality Management, Environmental Safety and Risk Management to keep abreast of developments and changes in the surrounding environment and to maintain the continuity of our business in a distinctive manner and based on our keenness to enhance the company's achievements and improve its efficiency towards excellence.

In the human capabilities' aspect, the company has built human capabilities and competencies and achieved the focus of learning and growth in our strategy. We are interested in training, developing, and improving the skills and competencies of our employees to complete their work and improve their performance. In addition to our keenness to engage employees in continuous development processes.

These achievements would have been achieved only through the support of the Board of Directors and the efforts of all employees of the Company in all their locations. I therefore sincerely thank and appreciate this outstanding giving.

I ask God Almighty, to help us all to serve this country under the leadership of HE King Abdullah II Ibn Al-Hussein, may God protects him.



Managing Director

Dr. Sufian Al-Bataineh

Board of Directors



Vice-Chairman of the Board of Directors
H.E.Eng. Amjad Al-Rawashdeh
Members



E.Eng. Ziad Al-Sa'aideh
till 19/12/2022



H.E. Hussam Abu Ali



E. Lawyer Abdulhameed Al-Qaisi

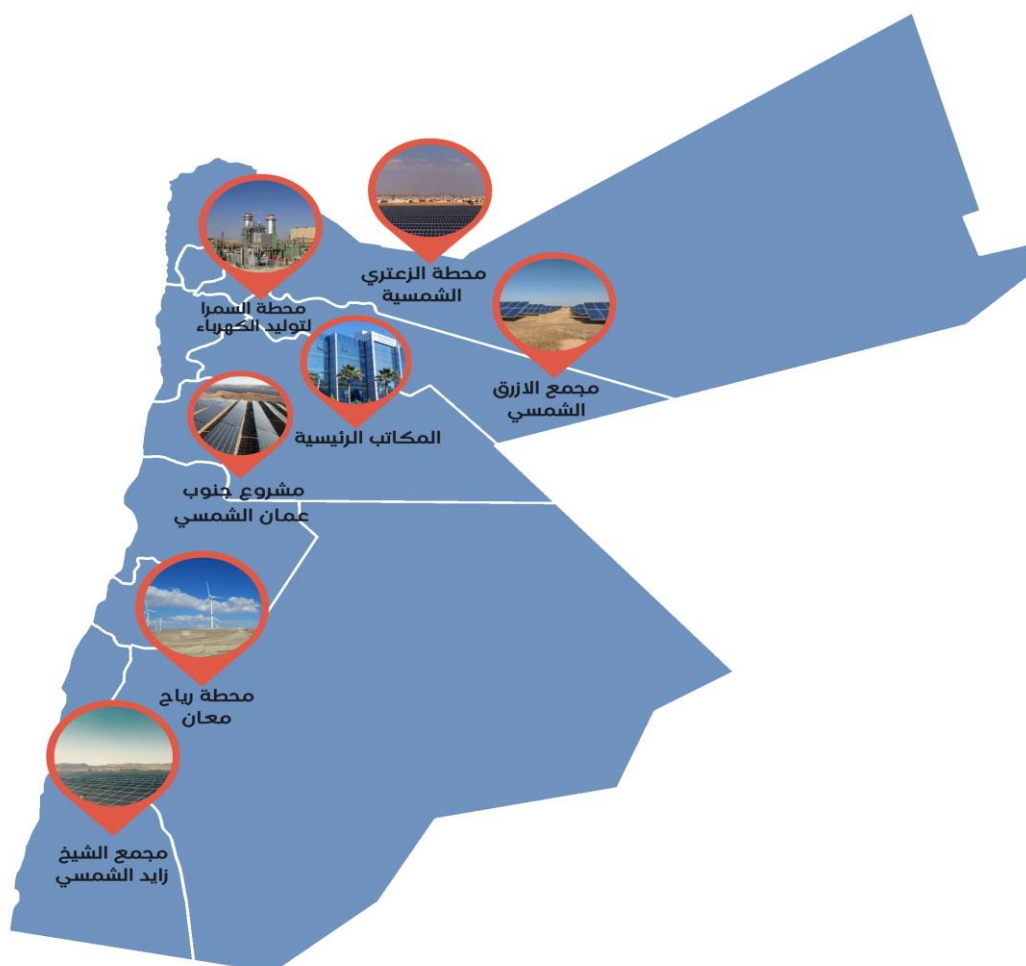
Managing Director



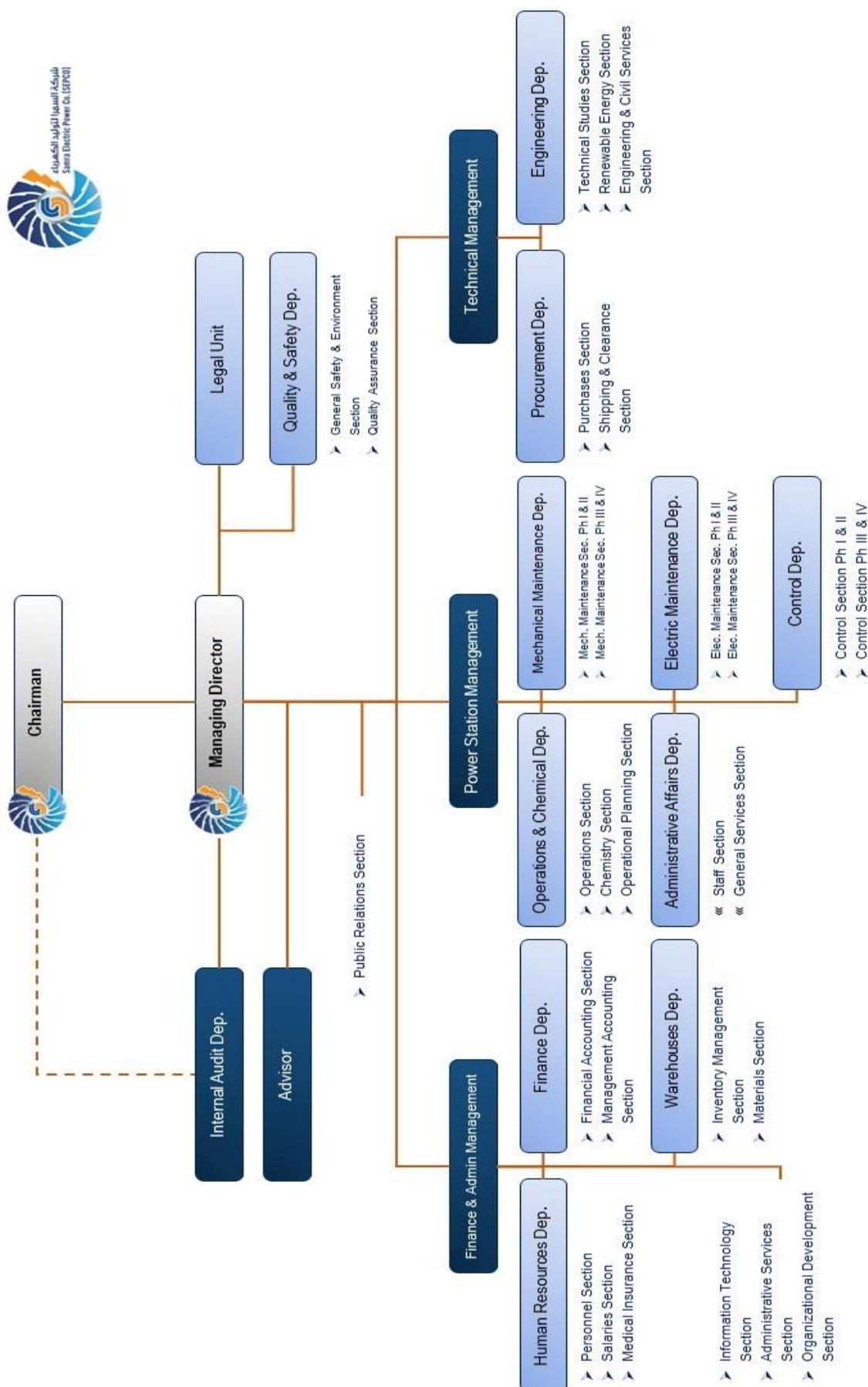
H.E. Dr. Sufian Al-Bataineh
Managing Director

The Company in Brief

Samra Electric Power Co. (SEPCO), a private limited shareholding company, is wholly owned by the government. It was established by the Government of the Hashemite Kingdom of Jordan in accordance with the provisions of the Companies Act No. 22 of 1997, pursuant to the decision of the Council of Ministers issued in its session held on 26/08/2003 and documented by the letter of HE Prime Minister number 13075/02/11/58 dated 27/08/2003. The company is registered with the general companies controller on 20/04/2004 under number 40.



Organizational Structure



Vision, Mission, and Core Values



Our Vision:

Pioneering company in generating electricity in Jordan



Our Mission:

Generating electricity through available energy sources with the highest efficiency, reliability, and effectiveness according to the best international standards and practices



Our Core Values

- **Safety First:** The safety of our employees, partners and members of our community is our first priority.
- **Teamwork spirit:** We work in a team spirit work to achieve our goals and share knowledge and skills to make our employees the best.
- **Continuous development:** We always strive to develop processes according to the best quality and maximize the creative abilities of our employees.
- **Integrity and equal opportunities:** Transparent and equitable decision-making and a mutual trust approach among all stakeholders

SEPCO News in 2022

Excellence Award in Occupational Safety and Health

Samra Electric Power Co. (SEPCO) won for the second time the Excellence Award in Occupational Safety in the electricity and gas supply sector - production, collection and distribution of electricity



Participation in the Recognized for Excellence Award (R4E) and the company was evaluated by the evaluation team assigned by the King Abdullah II Center of Excellence in 8/2022 at all company sites and to all operations.



Participation in GCC CIGRE conference -Paris (The International Council on Large Electric Systems (CIGRE)) from 27/8/2022 to 3/9/2022 through presentation of a refereed scientific paper entitled “Transformer Fault Caused by Human Error and Inadequate In The Power”



Participation in GCC CIGRE conference -Saudi Arabia (The International Council on Large Electric Systems (CIGRE))



Purchase of Rehab Gas Turbine Power Station and Risha Gas Power Station

Samra Electric Power Co. (SEPCO) purchased the plants from Central Electricity Generation Co. at the request of the Council of Ministers, where the plant purchase agreement was signed on 28/12/2022



Renewal of Quality, Environment, Safety, and Occupational Health Certificate

The Integrated System of Quality Management, Environment, Safety, Occupational Health, and Risk Management certificates have been renewed by Creators of Certification Services Co. TUV



Mock fire and evacuation tests were conducted at the offices of the General Administration on 11/2022 and fire and evacuation tests and fictitious chemical spills at the plant on 12/2022 in partnership with the Civil Defense Directorate where courses along with exercises of first aid to emergency teams were held



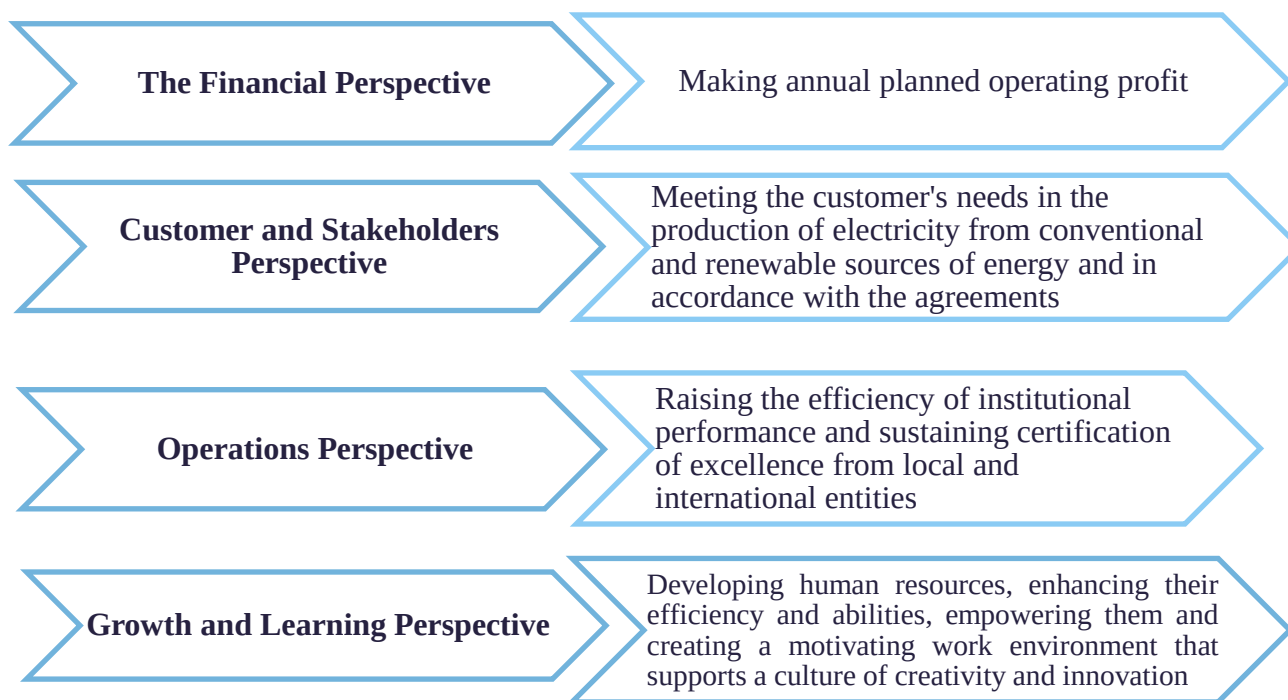
Samra participation in the meeting of Gulf Cooperation Council Interconnection Authority (GCCIA) in Saudi Arabia



Strategic Plan 2021-2023

To complement the company's career in excellence in strategic planning processes and to ensure that our vision of leadership in Jordan is achieved by applying the mission and achieving the objectives of the electricity sector, keeping abreast of developments and challenges, consistent with the vision of ownership, national agenda, economic vision, sustainable development goals, energy sector strategy and future scenarios, the company has completed its work in accordance with its strategic plan for the years 2021-2023, which leads it toward achieving its vision through the four balanced performance axes. The strategic objectives for 2022 were achieved according to distinct performance indicators as planned.

Our Strategic Objectives



Risk Management and Business Sustainability

Due to the paramount importance that Samra attached to the sustainability of its vital operations, the company operates in accordance with the compliance certificate for risk management related to the standard of 2018:31000 ISO, which will develop an integrated business system that ensures continuity of business and achieves strategic and operational plans, in line with international standards.

Risk management also helps the company develop plans to identify, manage and mitigate risks effectively. It also aims to promote a culture of risk management which allows us to recognize the positive opportunities and negative consequences associated with risk and contribute to more effective decision-making.

The application of the highest international standards in risk management field confirms the company's ability to identify, assess and analyze anticipated risks and understand their causes and potential impacts, as well as develop scenarios for their management, ensure that risks are maintained at appropriate levels, it also promotes the application of preventive action and contributes to decisions that are quick and effective and thus ensures business continuity and the achievement of objectives in accordance with the established strategic and operational plans.

From this point of view, the company has identified potential risks and precautionary measures to reduce their effects through the preparation of the risk management plan 03-Splan.

Possible types of crises include:

1. Occurrence of Major Fire
2. Earthquake
3. War and Terrorism
4. Inability to reach the plant (closures lasting more than three days)
5. Total communication interruption (landline and cellular)
6. Financial risk (lack of liquidity)
7. Data Loss
8. Epidemic Diseases Pandemic

Risk Control and Management

The company operates in a rapidly changing and highly competitive environment and given the nature of our business development and our operations involving high-value, long-term origins in multiple geographical areas, we are exposed to many different operational, financial and natural risks that we have to manage to achieve our operations objectives and minimize potential negative impacts on our business and reputation. The Company's risk management is designed to protect the affairs of all stakeholders in the company from our clients, suppliers, contractors, employees and shareholders, as well as to manage Samra's risks in a way that promotes the achievement of the company's strategic objectives.

We are therefore committed to applying best practices in risk management by adopting sound principles for managing a company's risk. This has been included in our integrated systems management policy. In order to monitor the risks at the company, the Quality Department periodically monitors the risks with all departments and includes them in the risk records according to a risk management plan and the strategic risks are classified as follows:

1. Financial risks
2. Technical risks
3. Human resources management risks
4. Information technology risks.
5. Legal and legislative risks
6. Security risks
7. Natural hazards
8. Environmental hazards
9. Risks affecting safety and occupational health.



The risks that the company might be exposed to:

There are no risks to which the company has been exposed to or that the company may be exposed during the subsequent year and have a material impact on it.

Generating Units at Samra Electric Power Co. (SEPCO)

Plant name	Phase	Nominal Capacity (MW)	Unit	Commercial Operation Date	Nominal Capacity (MW)
Samra Power Plant	Phase 1	300	Gas Turbine I	1/11/2005	100
			Gas Turbine II	11/2/2006	100
			Steam Turbine I	8/1/2006	100
	Phase 2	300	Gas Turbine III	13/12/2007	100
			Gas Turbine IV	5/7/2008	100
			Steam Turbine II	2/8/2010	100
	Phase 3	429	Gas Turbine V	25/1/2011	143
			Gas Turbine VI	4/5/2011	143
			Steam Turbine III	15/6/2015	143
	Phase 4	212	Gas Turbine VII	26/6/2013	146
			Steam Turbine IV	12/3/2018	66
Renewable Power Plants	Solar Power	162.04	Sheikh Zayed Solar Power Complex	17/7/2018	103.420
			Azraq Solar Power Plant 1	8/6/2015	3
			Azraq Solar Power Plant 2	8/6/2015	2.17
			Azraq Solar Power Plant 3	6/2/2020	5.75
			South Amman Plant	8/1/2020	46.6
	Wind Farms	80	Ma'an Wind Farm 1	22/9/2016	66
			Ma'an Wind Farm 2	30/8/2017	14
Samra's Nominal Capacity (MW)					1482

Table (1) Electric Power Generation Units in SEPCO

Strategic Performance Indicators

Financial Perspective

SEPCO earned revenue of JD 94 million in 2022 and a rate of increase of. 1.19% for 2021.

The operating profit was JD 46 million in 2022 as follows:

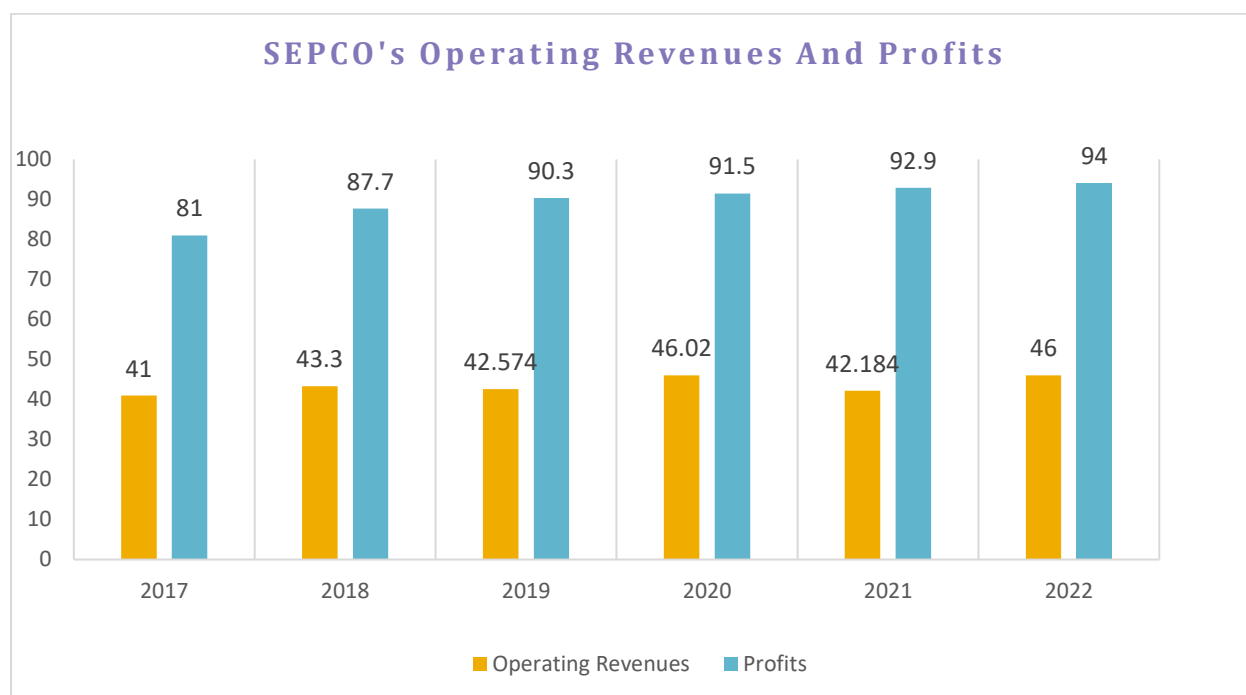


Figure (1) SEPCO's Operating Revenues and Profits

Customer and Stakeholders Perspective

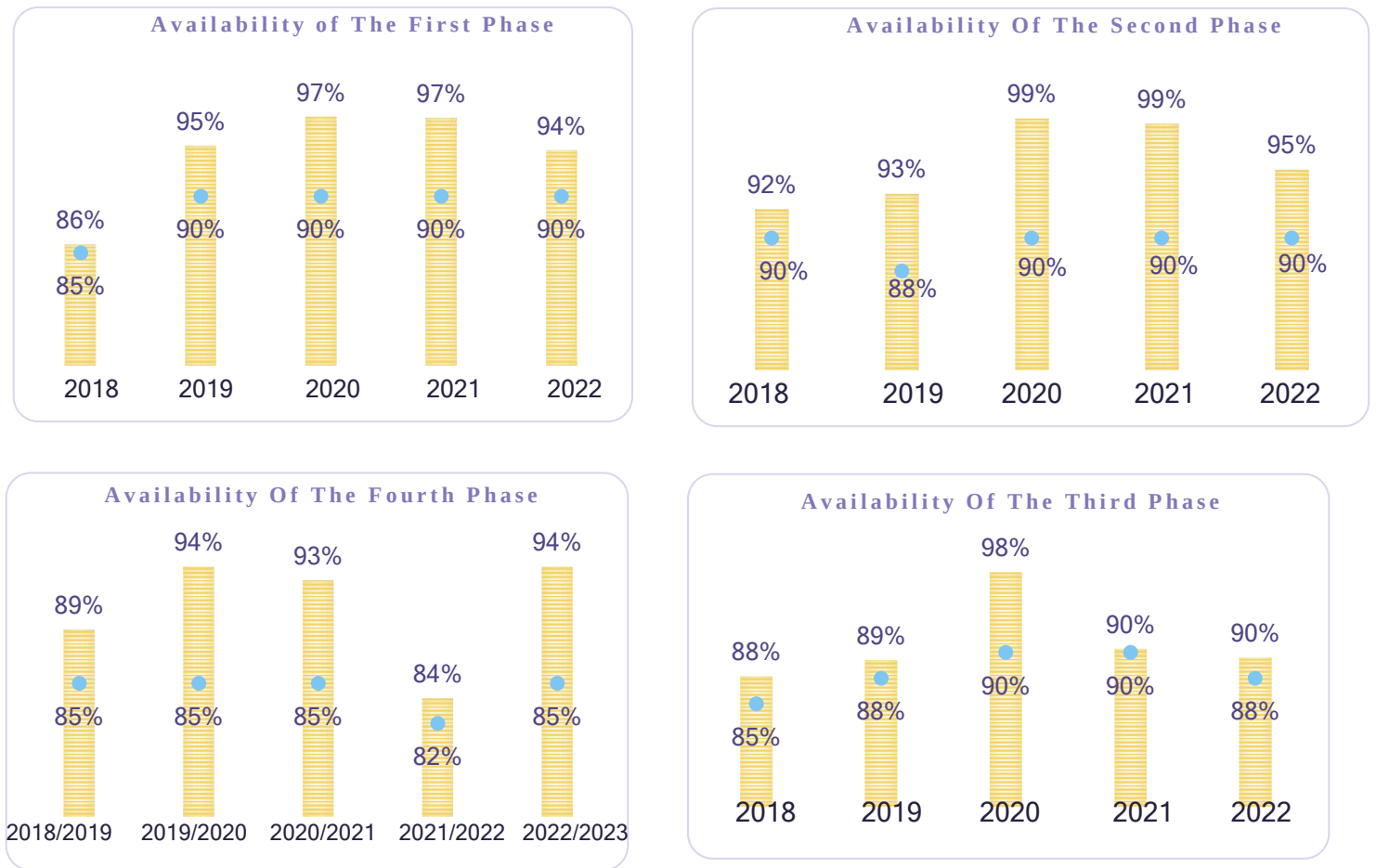


Figure (2) Availability of Four Phases

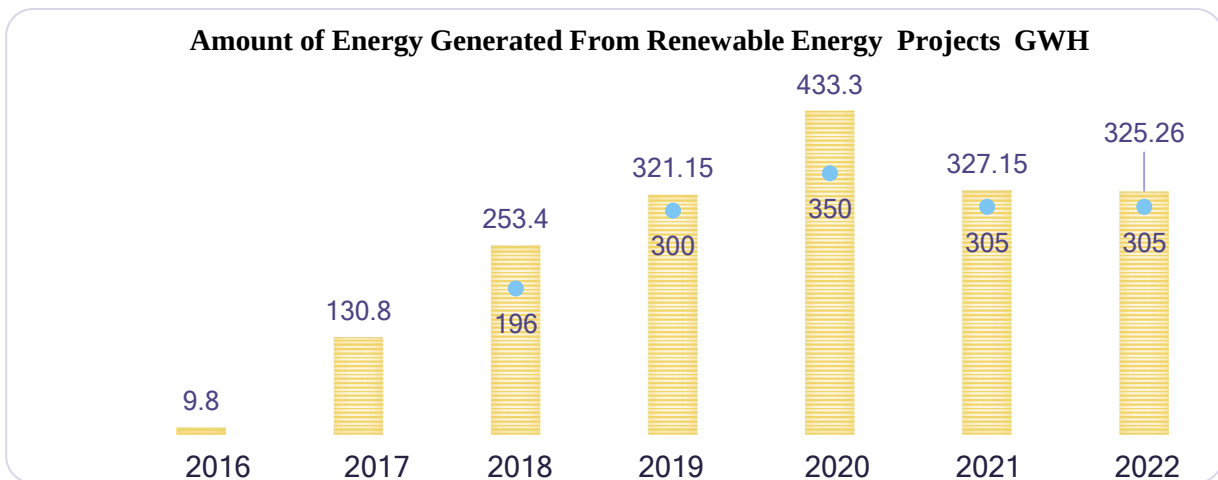


Figure (3) Amount of Energy Generated from Renewable Energy GWH

Customer and Stakeholders Perspective

Automation Of The Company's Operations

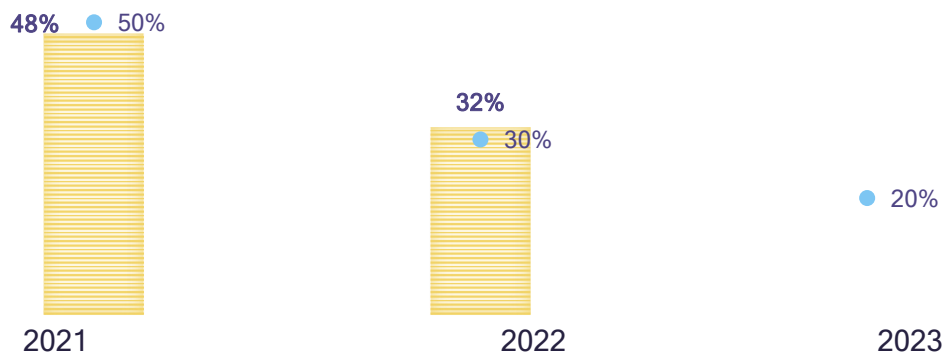


Figure (4) Automation of the Company's Operations

Number of Work Injuries

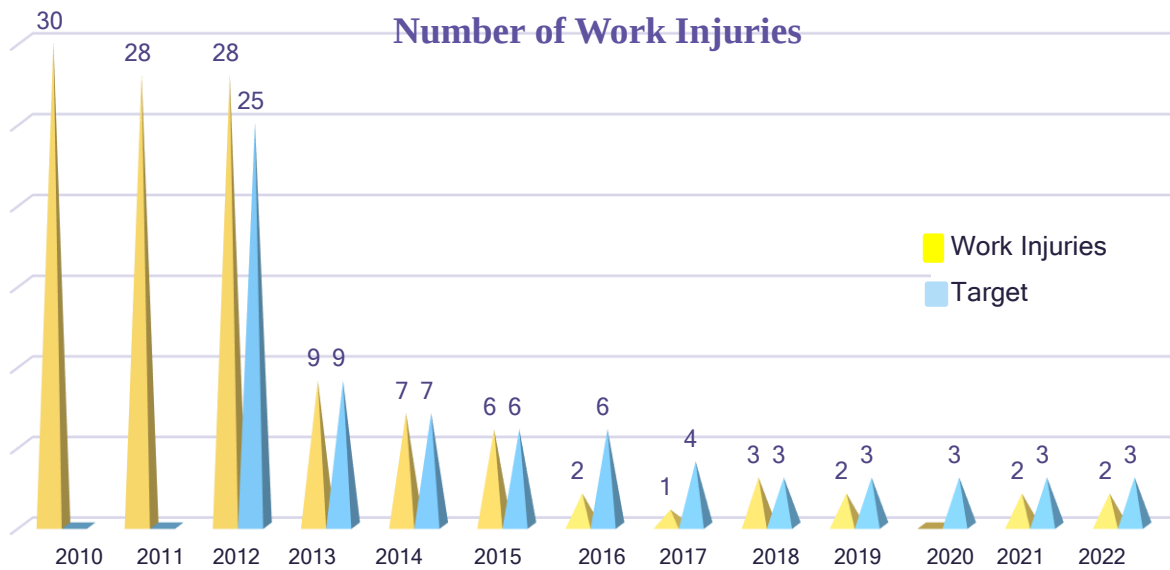


Figure (5) Number of Work Injuries

Growth and Learning Perspective



Figure (6) Completion of the Training Plan

Technical Performance

Nominal Capacity

The total nominal capacity of Jordan's electrical system was 5811 MW. The nominal capacity of Samra was 1482 MW as a total of conventional and renewable energy during 2022 which constitutes 26% of the nominal capacity in Jordan, Figure 7 shows the development of the nominal capacity in Jordan:

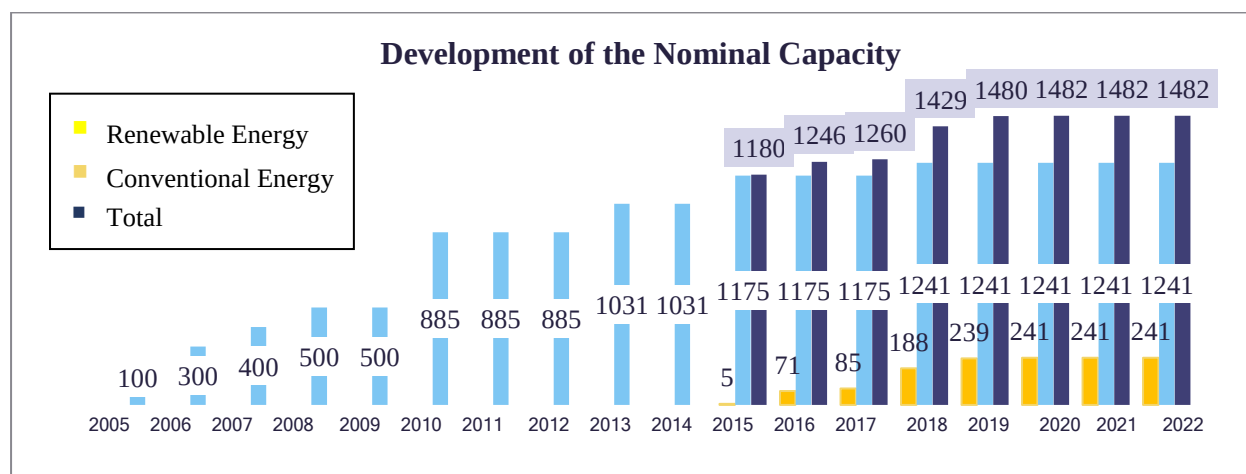


Figure (7) Developing Nominal Capacity in Jordan

SEPCO's Contribution During Peak Load Demand

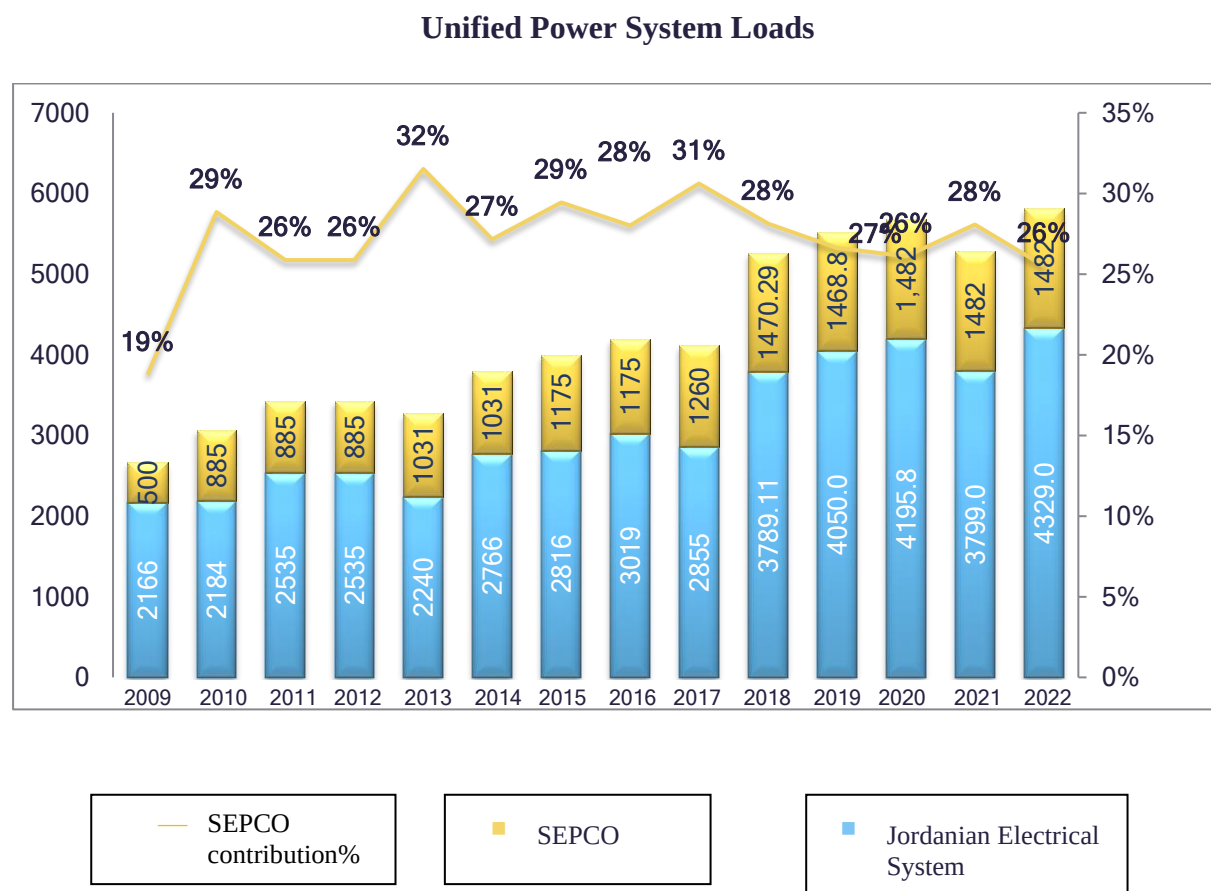


Figure (8) Development of the Peak Load in Jordan and SEPCO's Contribution

Unified Power System Loads

1. SEPCO's Contribution in Generated and Imported Energy in the Kingdom

Company	2016 GWH	2017 GWH	2018 GWH	2019 GWH	2020 GWH	2021 GWH	2022 GWH
Samra Electric Power Co. (SEPCO)	7,194	7,643	7,569	6,475	6,384	6,432	6,588
Central Electricity Generation Co. (CEGCO)	4,260	4,332	1,708	455	545	819	609
IPP1	3,163	2,626	2,740	2,840	2,614	2,449	2,189
IPP2	2,881	3,033	2,712	2,779	2,661	2,334	2,145
IPP3	263	288	486	398	297	225	464
IPP4	509	767	752	632	406	468	644
Wind Projects	388	448	658	875	1,254	1,557	1,748
Solar Projects	266	895	834	1,341	1,785	2,365	2,222
New Zarqa Plant	0	0	1,198	3,217	2,909	2,672	2,880
King Talal Dam + Jordan Biogas Company	22	21	19	24	0	0	19
Imported Energy (Egypt)				239	380	394	263
Industry Sector / Estimate	442	0	0	0	0	0	0
APCO- Attarat Power Co. (Oil Shale)	-	-	-	-	-	78	993
Total/Initial	19,388	20,054	18,674	19,274	19,234	19,793	20,763

Table (2) Electricity generated and imported in the Kingdom (GWH)

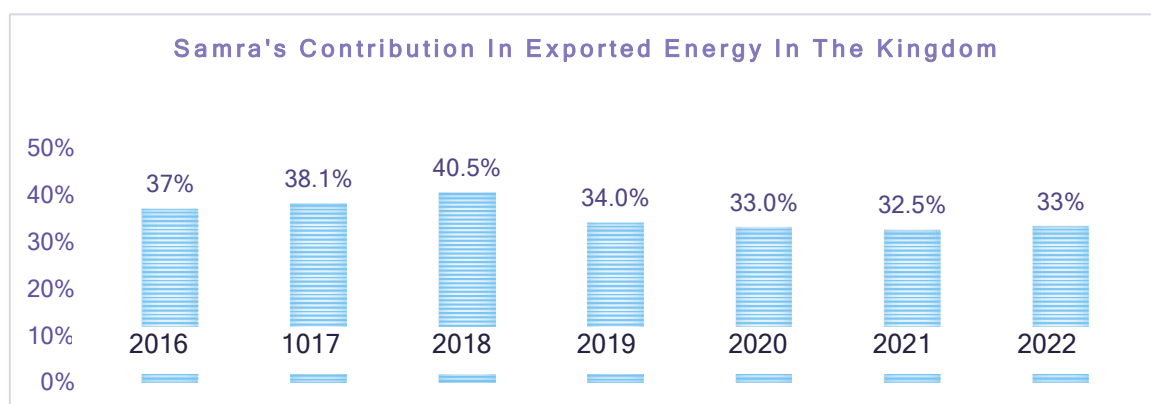


Figure (9) SEPCO's Contribution in Exported Energy in the Kingdom

2. SEPCO's Contribution to Peak Load

The total peak load of the unified power system was 4010 MW in 2022. SEPCO has contributed an exported power of 1206 MW of a ratio of 30% during the evening peak load recorded on 19/1/2022. Figure 8 elaborates the Development of the Peak Load in Jordan and The Contribution of Samra Electric Power Company.

Contribution Ratio	SEPCO Co. Load	Electric System Load	Peak Load	Date
27%	1057	3900	Morning	24/01/2022
30%	1206	4010	Evening	19/01/2022
27%	300	1115	Night	15/04/2022

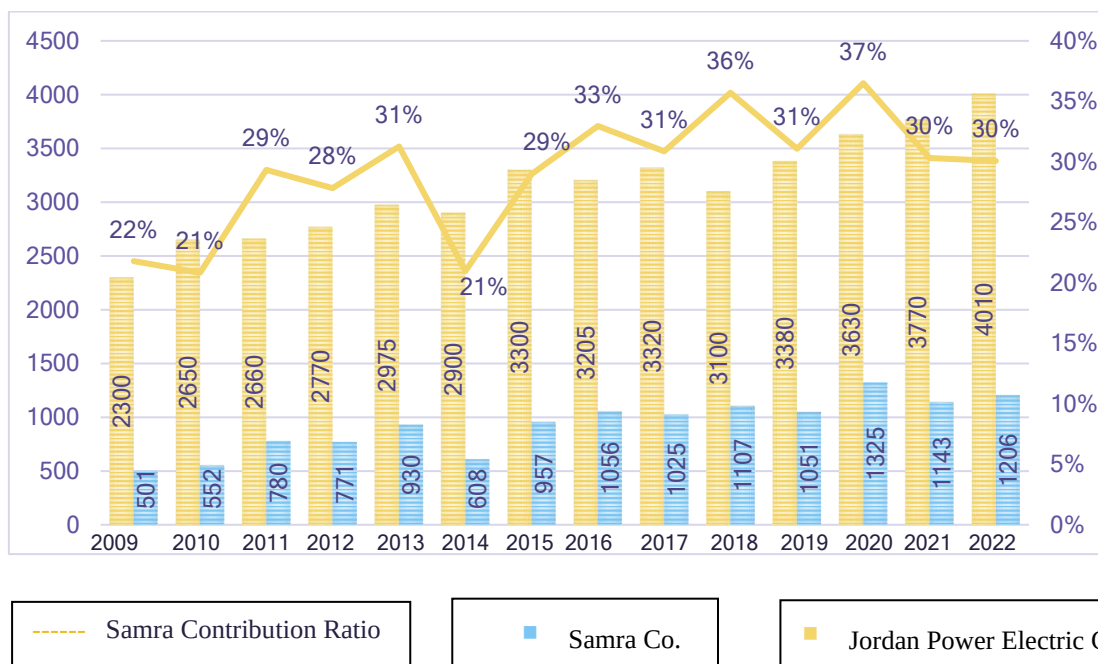


Figure (10) Development of the Peak Load in Jordan and the Contribution Ratio of Samra Electric Power Co.

Electric Power Sales

Samra's total sales of electric power amounted to 6588 (GWH) in 2022 according to the operational manner of NEPCO. Figure 10 indicates electric power sales.

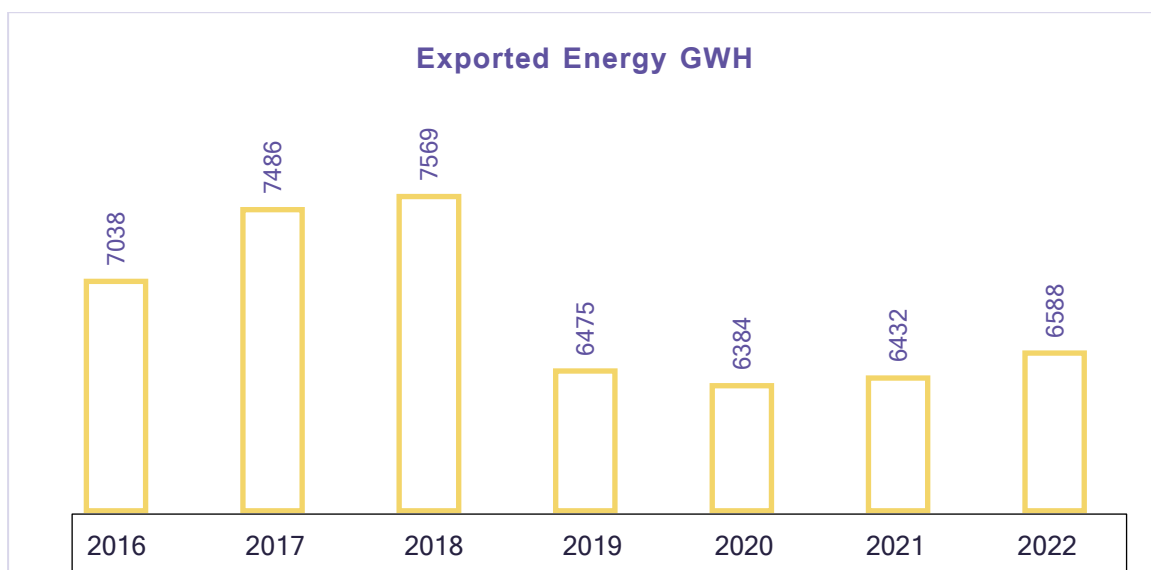


Figure (11) Electric Power Sales (GWH)

Preventive Maintenance

SEPCO completed the planned preventive maintenance programs at Samra Station in accordance with the preventive maintenance program as shown in Figure 11 while maintaining availability as agreed with NEPCO.

Ending Date	Starting date	Maintenance Type	Unit
9-Dec-2022	5-Oct-2022	C3-Inspection	Gas Unit V GT5
4-Oct-2022	27-Sep-2022	B3-Inspection	Gas Unit VI GT6
19-Dec-2022	10-Dec-2022	A5-Inspection	Gas Unit VII GT7

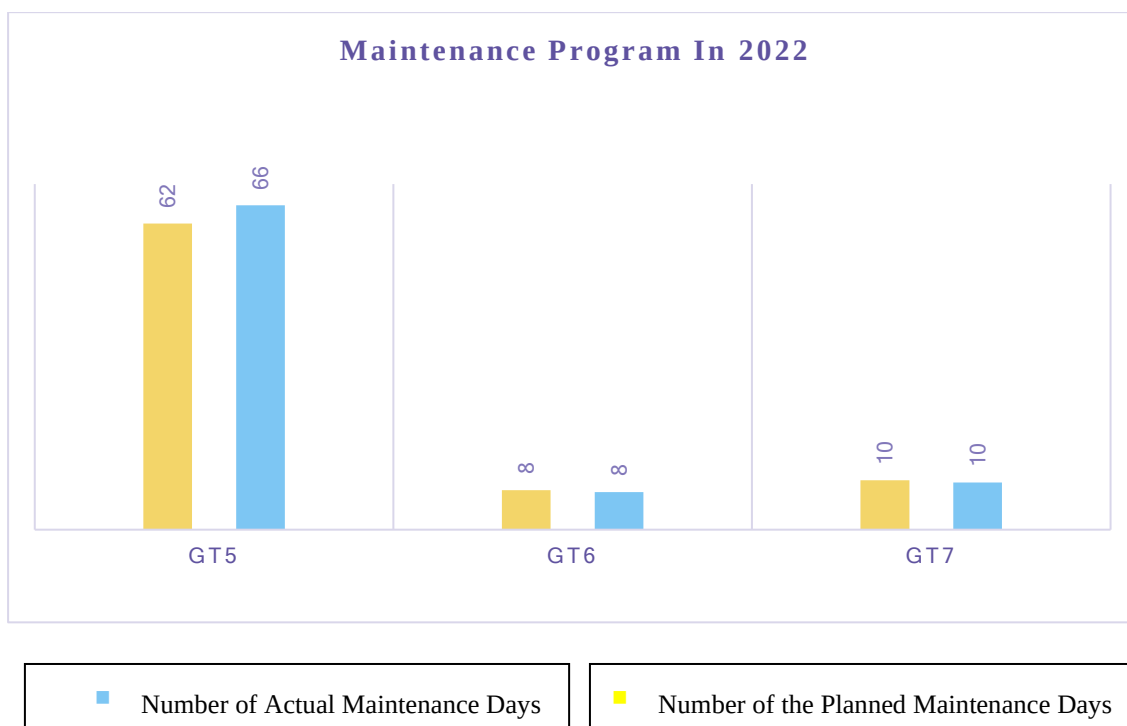


Figure (12) Number of Days of Maintenance for Generating Units

Technical Performance Indicators of Samra Power Plant

Performance Indicators	2017	2018	2019	2020	2021	2022
Generating Efficiency Combined Cycle /Phase I%	42.3	42.4	42.2	42.2	41.7	41.4
Generating Efficiency Combined Cycle /Phase II %	40.9	40.8	38.7	40.1	39.5	39.4
Generating Efficiency Combined Cycle /Phase III %	46.1	45.8	45.9	46.1	46.4	46.3
Generating Efficiency Combined Cycle /Phase IV %	32.5	43.6	46.0	46.2	45.8	45.9
Availability for Gas Unit I (GT1)%	98.2	76.2	96.9	99.8	95.7	94.8
Availability of Gas Unit II (GT2)%	96.3	87.8	91.1	99.7	98.6	95.1
Availability of Gas Unit III(GT3)%	99.3	98.1	88.2	98.8	98.9	96.4
Availability of Gas Unit IV (GT4)%	80.9	97.6	99.7	99.6	99.7	96.6
Availability of Gas Unit V (GT5)%	95	82.8	97.2	96.4	96.6	81.3
Availability of Gas Unit VI (GT6)%	95.9	98.2	79.7	98.9	88.8	96.3
Availability of Gas Unit VII (GT7)%	99.6	97	97.0	95.3	82.5	94.1
Availability of Steam Unit I (ST1)%	95.4	98.8	99.3	89.3	99.0	96.7
Availability of Steam Unit II (ST2) %	97.7	90.9	95.6	99.7	98.5	97.2
Availability of Steam Unit III (ST3) %	98	91.5	98.5	98.7	84.1	99.7
Availability of Steam Unit IV (ST4) %	-	78.1	88.6	85.6	79.1	91.8
Annual productivity (GWH/Employee)	18.35	18.60	16.23	16.80	16.32	17.20
Capacity (MW / Employee)	3.09	3.51	3.16	3.76	3.76	3.87

Table 3: Technical Performance Indicators/1

Technical Performance Indicators of Samra Power Plant

Performance Indicator	2017	2018	2019	2020	2021	2022
Generating Capacity	1175	1241	1241	1241	1241	1241
Generated Power (MWH)						
Gas Turbine I	733	579	521	386	557	559
Gas Turbine II	677	678	478	355	451	366
Steam Turbine I	769	657	506	370	510	474
Gas Turbine III	633	456	166	175	345	334
Gas Turbine IV	592	516	140	118	247	300
Steam Turbine II	611	482	135	134	269	290
Gas Turbine V	1236	1035	1,169	1,156	921	882
Gas Turbine VI	1243	1112	918	1,195	945	1,050
Steam Turbine III	1077	952	960	1,058	850	894
Gas Turbine VII	72	887	1,109	1,075	988	1,089
Steam Turbine IV	-	357	506	487	452	501
Internally Consumed Energy (GWH)	157	163	125	122	143	145
Internally Consumed Energy (%)	2.06	2.10	1.90	1.90	2	2
Diesel consumption (x 1000 m ³)	6.20	1.60	0.04	0.04	0.116	245,466
Natural gas consumption (MBTU & 10 ³)	59,622	60,374	50,704	49,391	50,533	52,171,778
Forced Discontinuation Factor (%)	0.44	1.26	1.2	0.80	0.6	0.4
Programmed Discontinuation Factor (%)	2.24	6.23	3.7	2.30	5.3	2.2

Table 4: Technical performance indicators/2

Integrated Management Systems IMS

Quality Management, Environment, Safety, Occupational Health, and Risk Management

Based on the company's vision of becoming a pioneering company in the generation of electrical power with distinctive quality and specifications and conforming to international standards, and as we always strive for excellence, the company has adopted best practices in the management of its technical and administrative operations through the application of the integrated quality management system derived from the requirements of international standards for quality management, environment, safety, occupational health and risk management and the model of the King Abdullah II Award for excellence for the private sector.

The company operates in accordance with the Integrated Management Systems (IMS) Policy 01 – SPOL, and this is represented by:

Our commitment in applying best management practices to enhance the achievement of strategic objectives through the adoption of an integrated management system based on international standards related to the following administrative systems: Quality Management ISO9001:2015 Safety and Occupational Health Management ISO45001: 2018, Environment Management ISO14001: 2015 and Risk Management ISO31000: 2018, Assets Management ISO55001:2014



Reviewing Certificates of Quality, Environment, Safety and Occupational Health System

SEPCO has ensured the sustainability of obtaining certificates since 2012 and according to the latest versions by applying the requirements of international standards for quality management, environment, safety, occupational health and risk management, as a result, renewal of Quality Management System Certificate ISO 9001:2015, Environment Management Certificate ISO 14001:2015, and Occupational Safety and Health Management System Certificate ISO 45001:2018 was successfully announced according to ISO standards without any major non-conformances since Samra is one of the first companies in its system of excellence and quality standards .



Human Resources

The company's employees reached 383 on 31/12/2022. Figure 13 shows the development of Nominal Capacity with the Number of Employees.

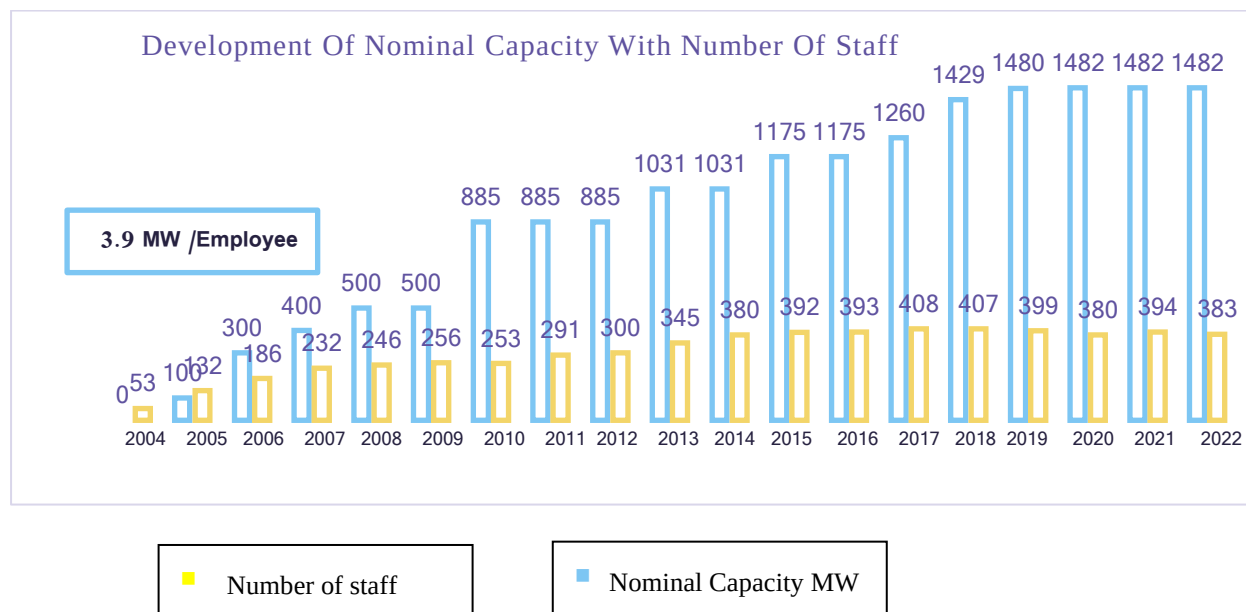


Figure (13) Development of Nominal Capacity with Number of Staff

The figure below shows the employees' distribution at the end of 2022, and the ratio of technical cadre (technician + engineer) is about 75% of the company's total cadre.

Engineering 30%

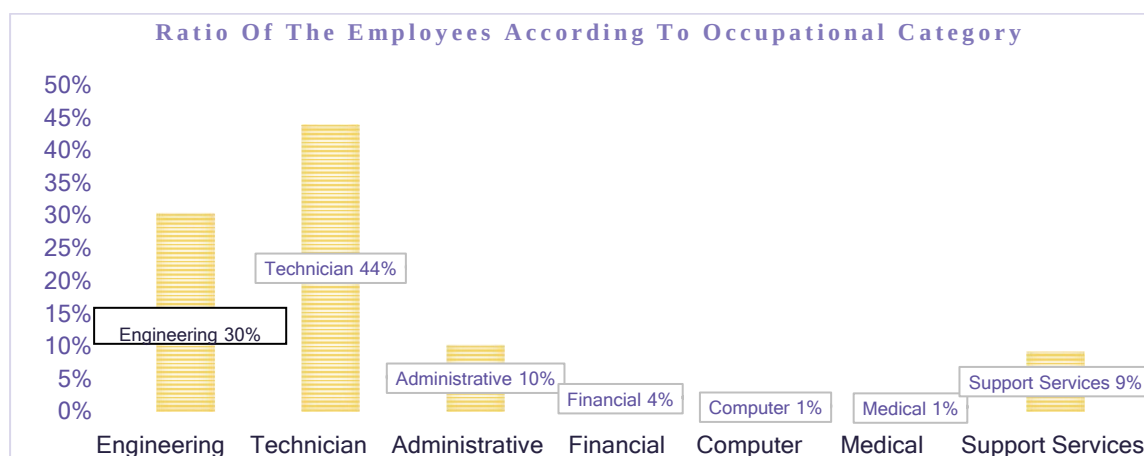


Figure (14) Ratio of the Employees according to Occupational Category

Training and Institutional Development

The company was marked by investing in human capital where the annual training plan for 2022 was implemented on the basis of the training needs of employees, which contains technical, administrative, and financial internal training programs that promote the transfer of knowledge and the employment of the qualifications and capabilities of the company's employees, as well as external training programs to acquire skills and experience since some of them supported the training through their implementation of training programs. Figure 12 shows the distribution of training courses to the company's departments.

The main internal and external training programs held during 2022 include:

1. ST Operation Advance, LTA STM20701
2. EDG Operation & Maintenance
3. ASME B.31.1
4. OSHA
5. Examination and repair of electronic cards

Internal training programs for knowledge transfer and staff empowerment include:

1. Conditions of operation of the gas turbine
2. Measuring Tools
3. Machinery Lubrication



Social Responsibility

The company operates in accordance with the 06-SPOL social responsibility policy to frame community activities and events that have an impact on society, the environment, and employees and to contribute to sustainable development by meeting the needs of the community. Community service allocations were distributed and disbursed for 2022 and initiatives were implemented as follows:

- 🌐 Installing umbrellas in the Traffic Park at Ma'an Private School



- 🌐 Distribution of packages in the areas of the company's locations



Holding of Free Medical Days



Delivery and operation of sewing machines for Nashemiyat Ma'an Association and Family Immunization Association



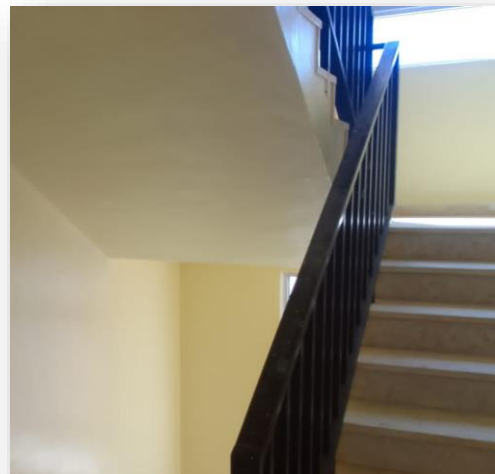
 Installation of wooden seats for Kho recruiting center



 Delivering of Sports Equipment for Al Hashemiya Cultural Club



 Part of the general maintenance work carried out for some educational institutions of the Ministry of Education and Ministry of Social Development



 Part of the delivery of electrical appliances to the Reform and Social Guidance Association



 Wheelchairs



 Installation of umbrella for Sama Al-Majd Kindergarten for Excellence in Al Hashemiya



Periodic checkup for 2022



Social Committee

The Social Committee enhances social meetings between employees and increases the effectiveness of communication and participation in their various social events in accordance with the approved instructions. The activities that were carried out:

1. Honoring retired colleagues and thanking them for their service and giving them a company shield and a valuable gift.

- ❖ Abdullah Samara
- ❖ Bassam Al Khaza'leh
- ❖ Abdullah Naqrash



2. Participation in the various social events of the employees as instructed by the Social Committee.



3. Social activities for members of the Social Committee in a family atmosphere & lunch



4. Social Sports Activity (World Cup)



- 5. Workshop to celebrate the centenary of the Hashemite Kingdom of Jordan, with the decoration of the company's head offices with flags, pictures, and lighting. Also, The Kingdom's and centenary flags were distributed in Al Hashemiya Region in Zarqa**
- 6. Social Environmental Activity in Jerash and Ajalon**



SEPCO's Achievements In 2022

Obtaining a certificate of recognition of institutional excellence with a rating of (4 stars)

The company was granted the Certificate of Recognition of institutional excellence “RE4” from King Abdullah II Center of Excellence, which is the representative of the European Organization for Quality Management EFQM, and it has obtained a highly rating of “4 stars” as a result of its commitment to the highest standards of institutional excellence.

According to the classification of the European Organization for Quality Management, SEPCO is the first to receive this certificate in the energy sector in the Kingdom.



Excellence in occupational safety and health

The company received, for the second time, the safety excellence award in the electricity and gas supply sector – production and distribution of electricity.



Information Technology Systems Modernization and Development Project

To complement the company's management process by automating all financial, technical and administrative processes according to the strategic plan for the years 2018-2020 and 2021-2023, several electronic services related to personnel and working procedures were launched in 2022 in the development phase of the Document, Archiving and Registry Management System after the completion of the processing of the information technology infrastructure, which aims to automate correspondence and exchange documents within SEPCO, collect and preserve all documents and files in one place to form a base and repository of knowledge assets in the company, facilitate procedures and increase the speed of their completion.

Also, in 2022, the external website in the pilot phase was launched, which was developed using modern technical means in order to be an interface and a portal to familiarize the company to keep up with developments and facilitate access to information for the website surfers.

**Samra Electric Power Co. (SEPCO
Limited Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan**

**Financial Statements and the Independent Auditor's Report
for the year ended on 31 December 2022**

Samra Electric Power Company

Private Shareholding Company

Amman – The Hashemite Kingdom of Jordan

Financial Statements and Independent Auditor's Report

For the Year Ended December 31, 2022

Samra Electric Power Company
Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan

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Independent Auditor's Report
To the Shareholders of Samra Electric Power Company
Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Opinion

We have audited the accompanying financial statements of **Samra Electric Power Company** (Private Shareholding Company) which comprise the statement of financial position as at December 31, 2022, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, including a summary of significant accounting policies, notes to the financial statements and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of the Company as of December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of 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 below. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants (Code of Ethics for Professional Accountants) in addition to the other ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- Without qualification in our opinion, we would like to draw attention to note (5) which states that there are payments for the acquisition of lands with a value of JD (1,117,807) and the ownership of those lands are yet to be transferred to the company.
- According to the letter of the Energy and Minerals Regulatory Commission dated April 3, 2022, Samra Electric Power Company was exempted from applying International Financial Reporting Standard No. (9) for the years 2021 and 2022, although it is required to be applied.

- In light of the letters issued by the Prime Minister No. 58/11/1/682281 dated September 20, 2022, and No. 33/11/1/84422 dated November 13, 2022, and in accordance with the decision of the Cabinet by which Samra Electric Power Company is required to proceed with the procedures for purchasing the Rehab station, along with its land, and the Risha station, along with its land, from the Central Electricity Generation Company, a public shareholding company, as the owner of the mentioned stations. Accordingly, purchase agreements were signed between Samra Electric Power Company and Central Electricity Generating Company. An advance payment of 2,775,000 JD, representing 50% of the total price of the mentioned stations, has been made. The process of taking over the stations is still ongoing as of the current date.

Responsibilities of Management and Those Charged with Governance for the Financial Statements for Samra Electric Power Company

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines 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, the 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 for Samra Electric Power Company

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 exists, 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.

Report on Other Legal and Regulatory Requirements

Samra Electric Power Company (Private Shareholding Company) maintains proper accounting records, which are consistent with the attached financial statements for the year 2022. We recommend the General Assembly to approve them.

PKF – Jordan
Khattab & Co.


Mohammed Khattab
(License No.730)



Amman – The Hashemite Kingdom of Jordan
March 23, 2023

Samra Electric Power Company
Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Statement of Financial Position as of December 31, 2022

Exhibit – A

	<u>Notes</u>	<u>2022</u> JD	<u>2021</u> JD
<u>Assets</u>			
Non-Current Assets			
Property, plant and equipment	5	438,920,993	473,505,651
Company's employees housing fund loan	6	980,000	980,000
Total Non-Current Assets		<u>439,900,993</u>	<u>474,485,651</u>
Current Assets			
Inventory	7	23,492,500	21,248,412
Other debit balances	8	4,509,366	1,650,400
National Electric Power company- related party	9	146,230,431	113,588,768
Cash and cash equivalents	10	151,267	619,023
Total Current Assets		<u>174,383,564</u>	<u>137,106,603</u>
Total Assets		<u>614,284,557</u>	<u>611,592,254</u>
<u>Equity and Liabilities</u>			
Equity			
Capital	1	51,000,000	51,000,000
Statutory reserve	11	12,750,000	12,750,000
Voluntary reserve	12	61,949,661	55,798,268
Retained earnings		<u>107,504,373</u>	<u>92,393,042</u>
Net Equity		<u>233,204,034</u>	<u>211,941,310</u>
<u>Liabilities</u>			
Non-Current Liabilities			
Loan – non-current portion	13	292,933,065	329,815,324
End of service indemnity provision	14	1,843,606	174,696
Total Non-Current Liabilities		<u>294,776,671</u>	<u>329,990,020</u>
Current Liabilities			
Income tax provision	15	6,938,721	5,342,605
Accounts payable	16	10,532,720	6,032,224
Other credit balances	17	15,028,781	21,408,116
Loan - current portion	13	31,548,731	32,011,820
Accrued loans interest		4,532,985	4,866,159
Bank overdraft	18	17,721,914	-
Total Current Liabilities		<u>86,303,852</u>	<u>69,660,924</u>
Total Liabilities		<u>381,080,523</u>	<u>399,650,944</u>
Total Equity and Liabilities		<u>614,284,557</u>	<u>611,592,254</u>

The accompanying financial statements were approved by the management on March 23, 2023 and signed by:

Chairman of the Board of Directors

Finance Manager

The accompanying notes from 1 to 27 constitute an integral part of these financial statements

Samra Electric Power Company
Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Statement of Comprehensive Income for the Year Ended December 31, 2022

Exhibit – B

	<u>Notes</u>	<u>2022</u> JD	<u>2021</u> JD
Energy sales revenue	19	93,768,219	92,893,073
Cost of operating and maintenance of the station	20	(12,069,435)	(13,956,890)
Depreciation	5	(33,194,553)	(32,172,525)
Insurance of property, plant and equipment		(2,484,532)	(2,363,986)
Operating Profit		46,019,699	44,399,672
Other revenues	21	317,509	566,084
Loss from disposal of property, plant and equipment		(4,014,467)	(164,304)
Administrative expenses	22	(4,583,990)	(2,492,447)
Finance cost		(11,446,867)	(11,907,045)
Currency exchange profit (loss)	23	4,465,080	(2,091,430)
Profit for the Year before Tax		30,756,964	28,310,530
Income tax expenses	15	(8,466,131)	(7,310,000)
National contribution		(1,028,109)	(913,750)
Comprehensive Income for the Year		21,262,724	20,086,780

The accompanying financial statements were approved by the management on March 23, 2023 and signed by

Chairman of the Board of Directors

Finance Manager

The accompanying notes from 1 to 27 constitute an integral part of these financial statements

Samra Electric Power Company
Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Statement of Changes in Equity for the Year Ended December 31, 2022

Exhibit – C

	<u>Capital</u>	<u>Statutory Reserve</u>	<u>Voluntary Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
	JD	JD	JD	JD	JD
<u>2021</u>					
Balance as of January 1, 2021	51,000,000	12,750,000	50,136,162	81,998,386	195,884,548
Transferred to Ministry of finance (Note 24)	-	-	-	(4,030,018)	(4,030,018)
Comprehensive income	-	-	-	20,086,780	20,086,780
Transferred to reserves	-	-	5,662,106	(5,662,106)	-
Balance as of December 31, 2021	<u>51,000,000</u>	<u>12,750,000</u>	<u>55,798,268</u>	<u>92,393,042</u>	<u>211,941,310</u>
<u>2022</u>					
Balance as of January 1, 2022	51,000,000	12,750,000	55,798,268	92,393,042	211,941,310
Comprehensive income	-	-	-	21,262,724	21,262,724
Transferred to reserves	-	-	6,151,393	(6,151,393)	-
Balance as of December 31, 2022	<u>51,000,000</u>	<u>12,750,000</u>	<u>61,949,661</u>	<u>107,504,373</u>	<u>233,204,034</u>

The accompanying notes from 1 to 27 constitute an integral part of these financial statements

Samra Electric Power Company
Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Statement of Cash Flows for the Year Ended December 31, 2022

Exhibit – D

	<u>Notes</u>	<u>2022</u> JD	<u>2021</u> JD
<u>Operating Activities</u>			
Profit of the year before tax and national contribution		30,756,964	28,310,530
Adjustments:			
Depreciation	5	33,194,553	32,172,525
Loss from disposal of property and equipment		4,014,467	164,304
(Losses) Profits on loan revaluation differences	23	(3,635,621)	1,839,133
Impairment loss of spare parts inventory and consumables	7	226,594	333,973
End of service indemnity provision	14	1,712,842	-
Legal cases provision	17	68,781	16,848
Financing cost		11,446,867	11,907,045
Working Capital Changes:			
Inventory		(2,127,567)	4,500,383
Other debit balances		(2,858,966)	(236,713)
National Electric power company		(32,641,663)	(32,598,401)
Accounts payable		4,500,496	1,152,490
Other credit balances		(7,367,250)	11,606,828
Accrued loans interest		(333,174)	2,512,505
Net Cash Flows from Operating Activities before Tax		36,957,323	61,681,450
Income tax paid	15	(6,870,015)	(6,862,638)
End of service indemnity paid	14	(43,932)	(33,715)
Legal cases provision	17	(108,975)	-
Net Cash Flows from Operating Activities		29,934,401	54,785,097
<u>Investing Activities</u>			
Purchase of property and equipment	5	(2,967,477)	(15,466,403)
Net Cash Flows Used in Investing Activities		(2,967,477)	(15,466,403)
<u>Financing Activities</u>			
Bank loans		(33,709,727)	(22,538,933)
Financing cost		(11,446,867)	(11,907,045)
Bank overdraft		17,721,914	(357,797)
Transfer to Ministry of Finance		-	(4,030,018)
Net Cash Flows Used in Financing Activities		(27,434,680)	(38,833,793)
Net change in cash and cash equivalents during the year		(467,756)	484,901
Cash and cash equivalents at the beginning of the year		619,023	134,122
Cash and Cash Equivalents at the End of the Year	10	151,267	619,023
<u>Non-Cash Activity</u>			
Transfer from property and equipment to inventory		343,115	-

The accompanying notes from 1 to 27 constitute an integral part of these financial statements

Samra Electric Power Company
Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Notes to the Financial Statements

1) General

Samra Electric Power Company was established and registered in the register of the private shareholding company under number (40) on April 20, 2004, according to Prime Minister's Decision No. 58/11/13075 dated August 27, 2003.

The main activities of the Company are:

- Generating electricity in different regions of Jordan using any source of primary energy and new and renewable energy.
- Establishing stations of electric energy generations that are required for its operation and to increase the generating energy according to general needs.
- Contributing to or participating in any project that is related to generating electric energy inside and outside the kingdom.

On April 21, 2004, the company obtained a license to generate electricity in Jordan for 25 years.

The company is entirely owned by the Government Contributions Management Company, with an authorized and paid-up capital of 51,000,000 Jordanian dinars.

The financial statements were approved by the board of directors on March 23, 2023 and they require approval by the General Assembly.

2) Basis of Preparation of Financial Statements

(a) Statement of Compliance

The financial statements have been prepared in accordance with international financial reporting standards.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for the financial assets and financial liabilities that are measured at amortized cost.

(c) Functional and Presentation Currency

The financial statements are shown in Jordanian Dinar, which represents the Company's functional and presentation currency.

(d) Use of Judgments and Estimates

In preparing these financial statements in accordance with the International Financial Reporting Standards requires the management to make judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, revenue and expenses. And the actual results may differ from these estimates.

Samra Electric Power Company
Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Notes To The Financial Statements

Estimates and assumptions applied are continually reviewed. And changes in accounting estimates are recognized in the year in which the estimates are changed and in future years affected by that change.

The following is a summary of the significant matters in which uncertain estimates and judgments are used in applying the accounting policies which materially affect the amounts in the financial statements:

• **Judgments**

The following are the most significant judgments that have a material effect on the amounts of assets and liabilities in the financial statements:

- Revenue recognition: Whether revenue is recognized over time or at a specific time.
- Classification of financial assets: Evaluation of the business model in which the assets are held and determining whether the contractual terms of the financial assets SPPI are on the outstanding balance.
- The development of new criteria to determine whether the financial assets have significantly declined in credit since their initial recognition, and define the methodology of future expectations and methods of measuring expected credit loss.

• **Estimates**

The following are the estimates that have significant risks to the financial statements:

- Impairment of the financial instruments: Inputs and measurement of the expected credit loss and what it includes for future objectives
- The management reviews its estimates about the fair value of financial assets.
The management continually reviews the cases brought against the company based on a legal study prepared by the company's legal advisor, which indicates the potential risks that the company may bear in the future as a result of these cases.
- The management assesses the recoverable value of other financial assets to determine whether there is any impairment in their value.
- Provision is made against expected credit losses on financial assets based on principles and assumptions approved by the company's management to estimate the provision to be calculated in accordance with the requirements of the International Financial Reporting Standard.
- Management estimates the income tax expense in accordance with the applicable laws and instructions.

• **Measurement of Fair Value**

The fair value represents the amount that may be collected from the sale of an asset or a payment to transfer a liability in an orderly transaction between market participants at the measurement date. And the fair value measurement is based on the assumption that the transaction to sell the asset or liability transfer takes place in the main market of the asset or liability or the most beneficial market for the assets or liabilities

Samra Electric Power Company
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Amman – The Hashemite Kingdom of Jordan

Notes To The Financial Statements

The fair value of an asset or liability is measured using assumptions that market participants will use when pricing the asset or liability, assuming that market participants are acting in their economic interest.

When measuring the fair value of a non-financial asset, the 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 who uses the asset in its highest and best use is taken into account.

For assets traded in an active market, the fair value is determined using quoted market bid prices.

The fair value of interest-bearing items is calculated based on discounted cash flows, using interest rates for items with similar terms and risk characteristics.

For unlisted assets, fair value is determined by reference to the market value of a similar asset or based on of the expected discounted cash flows.

The management believes that its estimates and assumptions are reasonable and sufficient.

3) Changes in Accounting Policies

The accounting policies used in preparing the financial statements for the year ending December 31, 2022 are identical to the accounting policies that were followed in preparing the financial statements for the year ended December 31, 2021. However, it has adopted a set of the following amendments and interpretations that are effective for the first time on January 1, 2022:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Samra Electric Power Company
Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Notes To The Financial Statements

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 "Inventories".

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

Samra Electric Power Company
Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Notes To The Financial Statements

If not presented ly in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

4) Summary of Significant Accounting Policies

a) Financial Instruments

Financial Assets at Amortized Cost

The objective of the company's management is to hold the financial assets in order to collect contractual cash flows, which are represented by payments of principal and interest on outstanding debt balance.

- The assets are recognized upon purchase at cost plus acquisition expenses, where premiums / discounts are amortized using the effective interest method, recorded on or to the interest account, and any provisions resulted from impairment leads to the inability to recover the asset or part of it. Such impairment is recorded in the statement of comprehensive income.
- The impairment amount in the value of these assets represents the difference between the value recorded at the books and the present value of the expected discounted cash flows at the original effective interest rate.
- It is not allowed to reclassify any financial assets from /to this item except in the cases specified in the International Financial Reporting Standards. In the event that any of these assets are sold before their maturity date, the result of the sale shall be recorded in the comprehensive income statement in a item and disclosed in accordance with the requirements of the International Financial Reporting Standards.

Accounts Receivable

They are financial assets with fixed or determinable payments that are not traded in an active market. Such assets are initially recognized at fair value plus any directly related transaction costs. Subsequent to initial recognition, accounts receivables are measured at amortized cost less any impairment losses. Accounts trade receivable comprise of commercial accounts receivables and others.

Samra Electric Power Company
Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Notes To The Financial Statements

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments

Non-Derivative Financial Liabilities

The debt instruments issued and their attachments are initially recognized on the date that they are originated. All other financial liabilities are initially recognized on the trade date, which is the date that the Company becomes a party to the contractual rules of the instrument .

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are initially recognized at fair value less any directly related transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method .

Other financial liabilities include other credit balances, and related parties payables.

b) Impairment on Financial Assets

Financial Instruments

The company recognizes expected credit losses on:

- Financial assets measured at amortized cost,
Financial lease accounts.
- Contractual warranties.

Impairment losses are not accounted for on equity assets.

The Company measures losses provisions at an amount equal to the expected credit loss throughout the life of the account.

Expected Credit Loss (ECL) on the life of financial instruments is the portion of the expected credit loss that results from possible lagging on financial instruments over the life of the financial instrument.

Expected credit losses are the weighted estimate of credit losses which are measured as follows:

- Financial assets whose credit value does not decrease at the date of the financial statements.
- -Financial assets whose value decreased on the date of the financial statements.
- Contracts of guarantee.

Samra Electric Power Company
Private Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Notes To The Financial Statements

Presentation of the Provision for the Expected Credit Losses (ECL) in the Statement of Financial Position

The provision for the Expected Credit Losses (ECL) is presented in the statement of financial position as follows:

- Subtracted from the total book value of the financial assets at amortized cost.
- Receivables obligations and financial guarantee contracts: In general, they are recognized as a provision.

With regard to debt securities that are measured at fair value through the statement of comprehensive income, no provision is recognized in the statement of financial position because the book value of these assets are measured at fair value, in any case, the loss provision is disclosed and recognized in the fair value reserve.

Non-Financial Assets:

The listed value of the non-financial assets of the company is reviewed at the end of each financial year to determine whether there is an indication of impairment, and if there is an indication of impairment, the recoverable amount of those assets is estimated.

If the listed value of the assets exceeds the recoverable amount of those assets, an impairment loss is recorded for those assets.

The recoverable amount is the fair value of the asset - minus the costs of selling - or the value of its use, whichever is greater.

All impairment losses are recognized in the statement of profit or loss and other comprehensive income.

Transactions with Related Parties

- Transactions with related parties represent transfer of resources, services, or obligations between related parties.
- Terms and conditions relating to related party transactions are approved by management.

Inventory

Inventory is stated at the lower of cost or net realizable value, net realizable value is the estimated selling price in the normal course of business less estimated costs to make a sale.

Cost comprises of direct material cost and those overheads that have been incurred in bringing the inventories to their present location and condition.

Impairment losses due to the decrease in the value of inventory, represented by villas available for sale, are recognized in the event of any indication of impairment, as impairment losses are recognized in the statement of comprehensive income.

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Investment Lands

Investment lands are recorded at cost, and in the event of their sale or disposal, the difference between the net proceeds from the sale and the amounts recorded in the comprehensive income statement is recognized. The cost of investment lands includes expenses incurred by the company for the purpose of land development and construction on them. The total cost is redistributed among the land parcels upon completion of their development or sale.

Impairment losses on the value of lands are recognized if there are any indications of a decrease in the value of these lands. Impairment losses are recognized within the comprehensive income statement.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment in value.

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

	<u>Depreciation rate</u>
	%
Steam and gas generation units	4
Building	2-10
Gas generation Station	4
Fuel tanks	4
	The corresponding useful
Strategic spare parts	life in the operating unit
Other	5-25

When the recoverable amount of any property, plant and equipment is less than its net book value, the value of these assets is reduced to their recoverable value and the impairment value is recorded in a statement of comprehensive income.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are commensurate with the expected economic benefits from property and equipment.

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Income tax

- Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of income except to the extent that it relates to a business combination, or items recognized directly in equity or in other consolidated statement of profit or loss and other comprehensive income.
- Current tax is the expected income tax payable for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is recognized using the financial position method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

- Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
- Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities an assets, and they related to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
- A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.
- Deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realized.
- Amended Income Tax Law No. 38 of 2018 was issued on December 31, 2018 and is to be applied starting January 1, 2019. The amended law resulted in changing a number of corporate income tax rates in addition to subjecting companies to the national contribution rate in accordance with the law. The national contribution rates are determined in the amended law on the basis of the sector.
- The current tax rate is 24% as income tax, with an additional 3% national contribution in accordance with the prevailing income tax law in Jordan

Provisions

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

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Subsequent Events

The financial statements are affected by subsequent events that require adjustments to the financial statements, while non-adjusting subsequent events are disclosed.

Foreign Currencies

Transactions in foreign currencies are recorded using the spot rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the year end. All differences are reported on the statement of comprehensive income.

c) Expenses Recognition

Expenses are recognized on an accrual basis.

Offsetting

Offsetting is performed between financial assets and financial liabilities, and the net amount is presented in the statement of financial position only when legally enforceable rights exist, and when they are settled on a net basis or when realization of the assets and settlement of the liabilities occur simultaneously.

Contingent Assets and Contingent Liabilities

Contingent liabilities are not recorded in the financial statements, but are disclosed when the possibility of their payment is improbable

Assets are not recorded in the financial statements, but are disclosed when the possibility of receipt is possible.

Revenue Recognition

The Company generates revenue primarily from the provision of services to its customers.

Contract balances result from contracts with customers and include receivables, contract assets, and contract liabilities.

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The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognized over time.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control - at a point in time or over time - over a good or service to a customer in accordance with IFRS 15 as follows:

- Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations.
- Step 2. Identify the performance obligations in the contract.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- A. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- B. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- C. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions is not met, revenue is recognized at the time the performance obligation is fulfilled.

When a company fulfills a performance obligation by performing a service, it creates a contract asset based on the amount of consideration earned from the performance.

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When the amount received from the customer exceeds the recognized revenue amount, this creates a contract obligation. The company has not recorded any assets or contractual obligations in the current year due to the full fulfillment of all performance obligations.

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5) Property, Plant, and Equipment

2022	Projects under construction	Lands (*)	Payments in units acquisition		Steam generation unit - First		Steam generation unit - Third		Steam generation unit - Fourth		Gas generation unit - First		Gas generation unit - Second		Gas generation unit - Third		Gas generation unit - Fourth		Gas generation unit - Fifth		Gas generation unit - Sixth		Gas generation unit - Seventh (***)		Buildings		Gas generation station		Fuel tanks		Strategic spare parts (***)		Other	Total	
			JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD			JD
Cost																																			
Balance as of January 1 2022	123 089	5 873 490	1 117 807	59 934 779	97 456 059	120 369 678	61 243 515	31 500 476	31 500 476	42 152 403	39 210 665	76 887 761	80 440 046	76 125 074	3 966 605	2 804 500	1 854 484	41 899 978	3 795 221															776 276 114	
Additions	136 757																																		
Transfers																																			
Disposal																																			
Balance as of December 31, 2022	259 846	5 873 490	1 117 807	59 934 779	97 456 059	120 369 678	61 243 515	31 500 476	31 500 476	42 152 403	39 210 665	76 887 761	80 440 046	76 125 074	3 966 605	2 804 500	1 854 484	36 170 739	4 046 996															772 935 407	
Accumulated depreciation																																			
Balance as of January 1 2022				37 924 691	44 513 722	31 526 961	9 322 437	19 412 938	19 271 505	22 918 204	21 404 904	31 123 457	29 022 638	23 089 663	1 846 646	1 838 602	1 228 795	6 713 223	3 612 077															304 770 453	
Depreciation				2 268 824	3 855 645	4 814 787	2 449 741	1 315 673	1 332 092	1 709 402	1 528 986	3 321 449	3 878 650	4 593 713	124 180	105 283	69 547	1 722 784	98 796															33 194 553	
Disposal																																			(3 950 602)
Balance as of December 31, 2022				40 193 515	48 373 368	36 341 748	11 772 178	20 728 611	20 603 597	24 627 606	22 933 890	30 494 304	32 902 288	27 683 376	1 970 826	1 943 885	1 298 342	8 436 007	3 710 873															334 014 414	
Net book value	259 846	5 873 490	1 117 807	19 741 264	48 042 701	84 027 928	49 471 337	10 771 865	10 896 879	17 524 797	16 276 775	46 393 457	47 537 758	48 441 698	2 015 779	660 615	556 142	27 734 732	336 123															438 920 993	

(*) This item includes lands with a value of JD 89,94C that are not registered in the name of the company.

(**) This item represents the value of the amounts paid in lieu of land acquisitions that are still not registered under the name of the company.

(***) The company's policy is to exclude a portion of steam or gas generation units using the replacement cost principle due to the difficulty of determining the book value of the replaced part at the time of its acquisition.

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2021	Projects under construction	Lands (*)	JD	Payments on lands acquisition	JD	Steam generation		Steam generation		Gas generation		Gas generation		Gas generation		Gas generation		Gas generation		Gas generation		Buildings		Gas station		Fuel tanks		Strategic spare parts		Other	Total																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
						unit - First	unit - Second	unit - Third	unit - Fourth	unit - First	unit - Second	unit - Third	unit - Fourth	unit - Fifth	unit - Sixth	unit - Seventh	unit - Eighth	unit - Ninth	unit - Tenth	unit - Eleventh	unit - Twelfth	unit - Thirteenth	unit - Fourteenth	unit - Fifteenth	unit - Sixteenth	unit - Seventeenth	unit - Eighteenth	unit - Nineteenth	unit - Twentieth			unit - Twenty-first	unit - Twenty-second	unit - Twenty-third	unit - Twenty-fourth	unit - Twenty-fifth	unit - Twenty-sixth	unit - Twenty-seventh	unit - Twenty-eighth	unit - Twenty-ninth	unit - Thirtieth	unit - Thirty-first	unit - Thirty-second	unit - Thirty-third	unit - Thirty-fourth	unit - Thirty-fifth	unit - Thirty-sixth	unit - Thirty-seventh	unit - Thirty-eighth	unit - Thirty-ninth	unit - Fortieth	unit - Forty-first	unit - Forty-second	unit - Forty-third	unit - Forty-fourth	unit - Forty-fifth	unit - Forty-sixth	unit - Forty-seventh	unit - Forty-eighth	unit - Forty-ninth	unit - Fiftieth	unit - Fifty-first	unit - Fifty-second	unit - Fifty-third	unit - Fifty-fourth	unit - Fifty-fifth	unit - Fifty-sixth	unit - Fifty-seventh	unit - Fifty-eighth	unit - Fifty-ninth	unit - Sixtieth	unit - Sixty-first	unit - Sixty-second	unit - Sixty-third	unit - Sixty-fourth	unit - Sixty-fifth	unit - Sixty-sixth	unit - Sixty-seventh	unit - Sixty-eighth	unit - Sixty-ninth	unit - Seventieth	unit - Seventy-first	unit - Seventy-second	unit - Seventy-third	unit - Seventy-fourth	unit - Seventy-fifth	unit - Seventy-sixth	unit - Seventy-seventh	unit - Seventy-eighth	unit - Seventy-ninth	unit - Eightieth	unit - Eighty-first	unit - Eighty-second	unit - Eighty-third	unit - Eighty-fourth	unit - Eighty-fifth	unit - Eighty-sixth	unit - Eighty-seventh	unit - Eighty-eighth	unit - Eighty-ninth	unit - Ninetieth	unit - Ninety-first	unit - Ninety-second	unit - Ninety-third	unit - Ninety-fourth	unit - Ninety-fifth	unit - Ninety-sixth	unit - Ninety-seventh	unit - Ninety-eighth	unit - Ninety-ninth	unit - One hundredth																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
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6) Company's Employees Housing Fund Loan

This item represents the value of the loan granted to the Company's employees housing fund based on the decision of the Board of Directors of the Company, the loan is interest free and with a grace period of 3 years from 2021, the fund should start paying the balance due over a period of 15 years.

7) Inventory

	<u>2022</u>	<u>2021</u>
	JD	JD
Fuel	12,254,671	12,356,067
Spare parts and consumables (*)	5,599,454	5,219,662
Letters of credits and orders	8,485,617	6,293,331
Less: Spare parts impairment provision and consumables (**)	(2,847,242)	(2,620,648)
Net	<u>23,492,500</u>	<u>21,248,412</u>

(*) This item includes stagnant goods with a value of (355,097) JD, (2021: 439,050) JD. The company follows a policy set by its Board of Directors regarding the calculation of the impairment value based on 50% of the value of general stagnant materials after five years from the date of their purchase.

(**) The movement on the provision for spare parts and consumables during the year is as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance - beginning of year	2,620,648	2,286,675
Provided during the year	226,594	333,973
Balance - End of Year	<u>2,847,242</u>	<u>2,620,648</u>

8) Other Debit Balances

	<u>2022</u>	<u>2021</u>
	JD	JD
Employees' receivables	16,290	5,544
Less: Expected credit loss provision (*)	(5,517)	(5,517)
Net	10,773	27
Prepaid expenses (**)	4,252,325	1,649,670
Receivables under settlement – National Electricity Company (***)	245,718	-
Refundable deposits	550	550
Other debit balances	-	153
Total	<u>4,509,366</u>	<u>1,650,400</u>

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(*) The movement on the provision for credit losses during the year is as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance - beginning of year	5,517	5,517
Provided during the year	-	-
Balance - End of Year	<u>5,517</u>	<u>5,517</u>

(**) This item includes the advance payment made under the letters issued by the Prime No. 58/11/1/682281 dated September 20, 2022, and No. 33/11/1/84422 dated November 13, 2022, and in accordance with the decision of the Cabinet by which Samra Electric Power Company is required to proceed with the procedures for purchasing the Rehab station , along with it's land, and the Risha station , along with it's land, from the Central Electricity Generation Company, a public shareholding company, as the owner of the mentioned stations. Accordingly, purchase agreements were signed between Samra Electric Power Company and Central Electricity Generating Company. An advance payment of 2,775,000 JD, representing 50% of the total price of the mentioned stations, has been made. The process of taking over the stations is still ongoing as of the current date.

(***) This item represents a liability under settlement with the National Electricity Company and the management believes that this difference will be settled in its favor.

9) National Electricity Company- Related Party

(*) The National Electricity Company is the sole client of the Company, power purchase tariff between the companies is approved through decisions of the Commissioners for Electricity Regulatory Commission for the units included in production. Following are the most significant decisions:

- Power production and capacity tariff values are being determined in detail, through taking into consideration costs of finance, operation, maintenance, administrative and operational costs of units that are included in the production.
- Payments will be monthly, inflations percentage will be added starting from one year that will be determined priorly.
- All types of fuel will be sustained by the National Electricity Company.
- Supplementary charges will be calculated according to the purchase agreement with Amman East Power Plant.

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- Terms of power capacity tariff will be applied, for example, departure of maintenance units, their unavailability and fines of delay in payment, according to what is applied in Amman East Power Plant purchase agreement.
- The ages of the bills forming the receivables as shown below :

<u>Year</u>	<u>Amount (JD)</u>
From 2018 to 2021	52,707,930
2022	93,522,501
Total	146,230,431

(**) Transactions with a related party consists of dealings with the National Electricity Company, which is owned by the Government Investments Management Company, the owner of Samra Electric Power Company.

(***) Major transactions stated in the comprehensive income statement during the year are as follows:

	<u>2022</u>	<u>2021</u>
	<u>JD</u>	<u>JD</u>
Power generation sales revenue	89,612,871	88,579,035
Renewable energy sales revenue	4,155,348	4,314,038
Total	93,768,219	92,893,073

10) Cash and Cash Equivalents

	<u>2022</u>	<u>2021</u>
	<u>JD</u>	<u>JD</u>
Current account at central bank	151,267	111,313
Current accounts – Local banks	-	507,710
Total	151,267	619,023

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11) Statutory Reserve

- Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals 25% of the Company's subscribed capital. Such reserve is not available for dividends distribution.
- For the general assembly after exhausting other reserves to decide in an extraordinary meeting to quench its losses from the accumulated amounts in statutory reserve, and to rebuild it in accordance with the provisions of the law.

12) Voluntary Reserve

This reserve is determined in accordance with the Jordanian Companies Law by allocating not more than 20% annually of the profit to this reserve.

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13) Loans

Lender	Loan objectives	Granted date	Loan period	Loan amount	Interest rate	December 31, 2022		2021	
						Short term	Non-current term	Total	Total
						JD	JD	JD	JD
Arab Fund for Economic and Social Development 567 (*)	Implementation of the sixth phase of Samra Electric Power Plant by adding a gas unit with a capacity of approximately 140 MW	February 1, 2013	Loan repayment is settled in 37 installments on semi-annual basis amounting to 810,000 Kuwaiti dinars, except for the last installment which equals to 840,000 Kuwaiti dinars. The first installment is due in March 2017, and the last installment is due in March 2034.	30 million Kuwaiti dinars	3	3,387,507	43,108,145	46,495,652	50,804,088
Arab Fund for Economic and Social Development 567 (*)	Implementation of the fifth phase of Samra Electric Power Plant to raise the plant capacity to 1040 MW	June 12, 2012	Loan repayment is settled in 37 installments on semi-annual basis, amounting to 820,000 Kuwaiti dinars, except for the last installment of 480,000 Kuwaiti dinars. The first installment is due in January 2017 and the last installment is due in July 2033	30 million Kuwaiti dinars	3	3,805,144	39,721,653	43,526,797	48,218,979
Arab Fund for Economic and Social Development 542 (*)	Implementation of the fourth phase of Samra Electric Power Plant to raise the plant capacity to 900 MW	December 16, 2009	Loan repayment is settled in 37 installments on semi-annual basis, amounting to 810,000 Kuwaiti dinars, except for the last installment of 840,000 Kuwaiti dinars. The first installment is due in September 2014 and the last installment is due in September 2032	30 million Kuwaiti dinars	3	3,758,740	38,362,816	42,121,556	46,728,459
Arab Fund for Economic and Social Development 524 (*)	Implementation of the third phase of Samra Electric Power Plant to raise the plant capacity to 600 MW	March 10, 2008	Loan repayment is settled in 35 installments on semi-annual basis, amounting to 860,000 Kuwaiti dinars. The first installment is due in February 2014 and the last installment is due in October 2031. Except the last installment of 760,000 Kuwaiti Dinars	30 million Kuwaiti dinars	4.5	3,990,761	34,671,803	38,662,564	43,573,912
Saudi Fund for Development 643 Z1	Financing the project of the fourth steam unit for Samra Electric Power Plant	November 30, 2015	Loan repayment is settled in 40 installments on semi-annual basis, amounting to 5,000,000 Saudi riyals. The first installment is due in December 2021 and the last installment is due in June 2040	200 million Saudi riyals	2	1,419,462	23,421,131	24,840,593	26,298,948
Kuwait Fund for Arab Economic Development 802	Supplying and installation of gas generating units	March 18, 2010	Loan payment is settled on 40 payments, on semi-annual basis, amounting to 341,200 Kuwaiti dinars. The first installment is due in October 2014 and the last installment is due in October 2034	18.5 million Kuwaiti dinars	3	2,146,194	20,206,356	22,352,550	24,799,038

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Lender	Loan objectives	Granted date	Loan period	Loan amount	Interest rate	December 31, 2022				2021	
						Short term	Non-current term	Total	Total	2021	Total
						JD	JD	JD	JD		JD
Kuwait Fund for Arab Economic Development 848	Implementation of the third phase project for Samra Electric Power Plant expansion	July 2, 2012	Loan repayment is settled in 40 installments on semi-annual basis, amounting to 275,000 Kuwaiti dinars for the first three installments, and the installment has been adjusted to be 341,200 Kuwaiti dinars. The first installment is due on July 2017, and the last installment is due on January 2037	15 million Kuwaiti dinars	2.5	1,583,311	21,375,819	22,959,130	24,843,271		
Arab Fund for Economic and Social Development 620 (*)	Implementation of the seventh phase of Samra Electric Power Plant to raise the plant capacity to 1240 MW	May 17, 2015	Loan repayment is settled in 37 installments on semi-annual basis, amounting to 440,000 Kuwaiti dinars, except the last installment amounting to 160,000 Kuwaiti dinars. The first installment is due on June 2021, and the last installment is due on June 2038	16 million Kuwaiti dinars	3	2,041,785	21,062,820	23,104,605	25,611,234		
Arab Fund for Economic and Social Development 515 (*)	Financing the second phase of Samra Electric Power Plant	May 7, 2007	Loan repayment is settled in 35 installments on semi-annual basis, amounting to 570,000 Kuwaiti dinars, except the last installment amounting to 630,000 Kuwaiti dinars. The first installment is due on August 2012, and the last installment is due on August 2029	20 million Kuwaiti dinars	4.5	2,645,039	19,199,140	21,844,179	25,019,338		
Saudi Fund for Development 518 20	Financing the third phase for Samra Electric Power Plant	April 14, 2010	Loan repayment is settled in 30 installments on semi-annual basis, amounting to 6,433,000 Saudi riyals. The first installment is due on October 2015, and the last installment is due on April 2030	193 million Saudi riyals	2	2,315,985	15,053,902	17,369,887	19,778,754		
Arab Fund for Economic and Social Development 462 (*)	Financing the project of Samra Electric Power Plant	May 8, 2005	Loan repayment is settled in 35 installment on semi-annual basis, amounting to 600,000 Kuwaiti dinars. The first installment is due on May 2010, and the last installment is due on May 2027	21 million Kuwaiti dinars	4.5	2,784,252	12,967,538	15,751,790	18,940,768		
Kuwait Fund for Arab Economic Development 696	Expansion project of Samra Electric Power Plant	March 9, 2005	Loan repayment is settled in 39 installment on semi-annual basis. The first installment is due on October 2009, and the last installment is due on November 2025	12.25 million Kuwaiti dinars	4	1,670,551	3,781,942	5,452,493	7,210,355		
						31,548,731	292,933,065	324,481,796	361,827,144		

(*) On April 30, 2020, the Board of Directors of the Arab Fund issued Resolution No. 26 of 2020 to defer loan installments and accrued interest for a period of one year starting from July 1, 2020 and ending on June 30, 2021, by granting a one-year grace period the loans with installments due during that period. The interest accrued during this period will be paid in annual installments over a period of 5 years, starting from July 1, 2021, until June 1, 2026.

(**) All foreign loans are guaranteed by the Government of the Hashemite Kingdom of Jordan.

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14) End of Service Indemnity

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at the beginning of the year	174,696	208,411
Provided during the year (*)	1,712,842	-
Paid during the year	(43,932)	(33,715)
Balance at the end of the year	1,843,606	174,696

(*) According to the decision No. 1/2022 dated 16/3/2022, "the company's Board of Directors decided to include all employees of the company with severance pay differences on the criteria applied within the company." The entire amount was charged to this year's income statement under the administrative expenses item (note 22).

15) Income Tax Provision

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at the beginning of the year	5,342,605	4,895,243
Provided during the year	8,466,131	7,310,000
Paid during the year	(6,870,015)	(6,862,638)
Balance at the End of the Year	6,938,721	5,342,605

- The company's tax status was settled with the Income and Sales Tax Department until the end of 2019
- According to the company's tax advisor, the income tax provision is sufficient to cover the tax obligations
- The following is the reconciliation between accounting profit and taxable profit:

	<u>2022</u>	<u>2021</u>
	JD	JD
Accounting profit	30,756,962	28,310,530
Less: Non-taxable revenues	-	(450,373)
(Deduct): add the (losses) profits from the revaluation	(3,635,621)	1,839,133
Add: Non-taxable expenses	1,789,997	759,043
Taxable Profit	28,911,338	30,458,333
Income tax rate	%24	%24
Income Tax Expense for the Year	6,938,721	7,310,000

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16) Accounts Payable

	<u>2022</u>	<u>2021</u>
	JD	JD
Contractors payables	6,683,337	2,404,233
Trade payables	3,380,457	3,501,604
Uncleared checks	468,926	126,387
Total	<u>10,532,720</u>	<u>6,032,224</u>

17) Other Credit Balances

	<u>2022</u>	<u>2021</u>
	JD	JD
Water authority of Jordan withholdings (*)	9,644,246	9,644,246
Ministry of Finance withholdings	2,396,407	1,802,628
Letters of credit	1,474,484	4,332,816
Accrued expenses	470,000	420,000
Legal cases provision (**)	142,326	182,520
Other withholdings	17,086	18,113
Employees payable	4,892	17,553
Board of directors bonuses provision	12,000	12,000
National contributions deposits	867,340	697,981
Contractors retention	-	4,280,259
Total	<u>15,028,781</u>	<u>21,408,116</u>

(*) This item represents the share of the Water Authority in return for its share of renewable energy sales from the Ma'an Wind station

(**) The movement for legal cases provision during the year 2022 are as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at the beginning of the year	182,520	165,672
Paid during the year	(108,975)	-
Provided during the year	68,781	16,848
Net	<u>142,326</u>	<u>182,520</u>

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18) Bank Overdraft

This item represents the value of facilities granted to the company with a ceiling of 20,000,000 JD until January 15, 2023, provided that the ceiling is returned to the amount of 15,000,000 JD after that date, noting that the interest rate is 7%.

	<u>2022</u>	<u>2021</u>
	JD	JD
Cairo Amman Bank – current account	17,704,009	-
Cairo Amman Bank – overdraft USD	9,504	-
Cairo Amman Bank – overdraft EUR	8,401	-
Total	<u>17,721,914</u>	<u>-</u>

19) Energy Sales Revenue

	<u>2022</u>	<u>2021</u>
	JD	JD
Power generation sales revenue	89,612,871	88,579,035
Renewable energy sales revenue	4,155,348	4,314,038
Total	<u>93,768,219</u>	<u>92,893,073</u>

20) Cost of Operating and Maintenance of the Station

	<u>2022</u>	<u>2021</u>
	JD	JD
Salaries, wages and related benefits	5,460,043	5,261,962
Maintenance and spare parts	3,706,890	5,650,420
Company's contribution in social security	675,252	647,807
Governmental fees and licenses	576,127	653,261
Electricity and water	483,734	565,652
Company's contribution in saving fund	389,855	368,493
Health insurance	275,600	252,709
Spare parts impairment (Note 7)	220,594	333,973
Public safety	168,918	93,840
Chemical materials	84,467	115,634
Laboratories	15,004	13,139
Fuel	6,951	-
Total	<u>12,069,435</u>	<u>13,956,890</u>

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21) Other Revenues

	2022	2021
	JD	JD
Sales of Tenders copies	19,310	16,120
Sales of distilled water	8,589	8,192
Projects' clearance	-	540,952
Late fines	289,610	820
Total	317,509	566,084

22) Administrative Expenses

	2022	2021
	JD	JD
Salaries, wages and related benefits	1,195,063	1,043,832
Company's social security contribution	134,752	132,135
End of service indemnity (Note 14)	1,712,842	-
Security	351,470	358,485
Renewal of computer software license	185,296	168,469
Cleaning	151,867	139,084
Administrative buildings maintenance and consumables	122,894	83,328
Company saving fund contribution	100,321	97,981
Electricity and electricity	75,153	65,718
Health insurance	59,816	57,673
Training	70,020	42,374
Professional fees and consultations	59,496	18,760
Fuel	50,042	41,636
Life insurance	39,298	29,682
Social activities	38,834	25,124
Medical	35,726	34,639
Expected credit losses	29,492	5,070
Vehicles	27,846	26,366
Board of Directors transportation	24,000	30,822
Advertising	23,676	15,198
Hospitality	12,885	11,090
Telephone	18,739	15,672
Vehicle insurance	17,585	15,861
Audit fees	13,434	4,500
Board of Directors rewards	12,000	12,000
Miscellaneous	10,618	2,620
Stationery and printings	5,752	5,736
Subscriptions	5,073	3,528
Donations	-	1,000
Governmental fees and licenses	-	4,064
Total	4,583,990	2,492,447

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23) Currency Exchange Profit (Loss)

	<u>2022</u>	<u>2021</u>
	JD	JD
Profit (Loss) from loans revaluation	3,635,621	(1,839,133)
Currency exchange profit (loss)	829,459	(252,297)
Total	<u>4,465,080</u>	<u>(2,091,430)</u>

24) Transferred to the Ministry of Finance

According to Council of Ministers Decision No. (9827) dated May 26, 2015, which mandates the Company to transfer a part of its earnings to the Public Treasury starting in 2016, and based on the financial surplus law No. 30 of 2007 and the financial surplus supply system No. 84 for the year 2007. The Board of Directors received this information during their tenth meeting of the year 2022, dated December 22, 2022.

25) Contingent Liabilities

At the date of the statement of financial position, the company has contingent liabilities for guarantees and documentary credits amounting to JD 10,664,034.

26) Financial Risk Management

The company is exposed to the following risks as a result of its use of financial instruments.

- Credit risk.
- Liquidity risk.
- Market risk.
- Capital management.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies, methods of measuring and managing risks, and the company's management of capital.

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General Framework for Risk Management

The entire responsibility for setting up and monitoring risk management rests with the company's management.

The company's risk management policies are designed to identify and analyze the risks that the company faces, and to set appropriate controls and limits for the extent of exposure to those risks, and then monitor them to ensure that the set limits are not exceeded.

Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the company's activities. The Company's management aims, through training and management standards and procedures, to develop a constructive and orderly control environment so that each employee understands his or her role and duties.

Credit Risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables and cash at banks, due from related parties and other debit balances.

The carrying amount of financial assets represents the maximum value that can be exposed to credit risk assets as at the date of the consolidated financial statements are as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Cash at banks	151,267	619,023
National Electricity Power Company – related party	146,230,431	113,588,768
Other debit balances	<u>4,509,366</u>	<u>1,650,400</u>
Total	<u>150,891,064</u>	<u>115,858,191</u>

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The company is keen to have a sufficient amount of cash available to cover the expected operating expenses, including covering financial obligations, but without this including any possible impact of harsh conditions that are difficult to predict such as natural disasters, in addition to that, the company has the full support of the partners.

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The following are the contractual maturities of the financial liabilities:

Non-Derivative Financial Liabilities

	<u>Book Value</u>	<u>Contracted</u>	<u>Less than One</u>	<u>More than</u>
	<u>JD</u>	<u>Cash Flow</u>	<u>Year</u>	<u>One Year</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
2022				
Loans	324,481,796	(324,481,796)	(31,548,731)	(292,933,065)
Accounts payable	10,532,720	(10,532,720)	(10,532,720)	-
Other credit balances	15,028,781	(15,028,781)	(15,028,781)	-
Bank overdraft	17,721,914	(17,721,914)	(17,721,914)	-
Accrued loans interest	4,532,985	(4,532,985)	(4,532,985)	-
Total	<u>372,298,196</u>	<u>(372,298,196)</u>	<u>(79,365,131)</u>	<u>(292,933,065)</u>
2021				
Loans	361,827,144	(361,827,144)	(32,011,820)	(329,815,324)
Accounts payable	6,032,221	(6,032,221)	(6,032,224)	-
Other credit balances	21,408,116	(21,408,116)	(21,408,116)	-
Accrued loans interest	4,866,159	(4,866,159)	(4,866,159)	-
Total	<u>394,133,643</u>	<u>(394,133,643)</u>	<u>(64,318,319)</u>	<u>(329,815,324)</u>

Market Risk

Market risk is the risk that arises from changes in market prices, such as foreign exchange rates, interest rates, and equity prices, which affect the company's profits or the value of the company's financial instruments.

The objective of market risk management is to control the extent of the company's exposure to market risks within acceptable limits, in addition to maximizing the return.

Risks of Currency Fluctuation

Most of the company's assets and operations are in the Jordanian Dinar, and the transactions with the overseas are carried out in the Jordanian Dinar, and the Jordanian Dinar exchange rate is linked to the US Dollar. Therefore, the company is not materially exposed to exchange rate fluctuations.

Interest Rate Risk

The company does not have any financial assets or liabilities bearing interest rates as at the date of these financial statements.

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Fair Value Sensitivity Analysis of Fixed Interest Rate Financial Instruments:

The company does not treat any fixed-interest financial assets and liabilities at fair value through profits and losses, nor does the company treat derivatives as hedging instruments using the fair value model. Therefore, the change in interest rates as at the date of the financial statements will not affect profits and losses.

27) Fair Value Structuring

Financial instruments treated at fair value using the valuation method define the different levels as follows:

Level 1: Listed (unadjusted) prices in an active market for a financial instrument.

Level 2: Valuation methods based on inputs that can be determined either directly as prices or indirectly by linking them with prices. This category includes instruments evaluated based on the prices declared in an active market for similar instruments, or by using valuation methods that have important inputs that can be determined directly or indirectly through Market Information.

Level 3: Valuation methods using inputs that do not depend on available market information.

There are no transfers between Level 1 and Level 2 during the year 2022.