

NATIONAL PETROLEUM COMPANY

PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2023

**Report on Review of the Interim Condensed Financial Statements
To the Board of Directors of National Petroleum Public Shareholding Company
Amman - Jordan**

Introduction

We have reviewed the accompanying interim condensed financial statements of National Petroleum Company (the "Company") as at 30 June 2023, comprising of the interim statement of financial position as at 30 June 2023 and the related interim statements of comprehensive income, changes in equity and cash flows for the six-months period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

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

Amman – Jordan
26 July 2023

ERNST & YOUNG
Amman - Jordan

NATIONAL PETROLEUM COMPANY- PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

| | Notes | 30 June 2023 JD (Unaudited) | 31 December 2022 JD (Audited) |
|--------------------------------------|-------|--------------------------------------|--|
| <u>ASSETS</u> | | | |
| Non-current assets - | | | |
| Property and equipment | 5 | 2,183,411 | 2,339,992 |
| Intangible assets | | 9,475 | 18,951 |
| Gas assets | 6 | 6,120,841 | 7,335,631 |
| Projects in progress | 7 | 5,181,015 | 3,744,036 |
| | | <u>13,494,742</u> | <u>13,438,610</u> |
| Current assets - | | | |
| Inventories | | 15,092,484 | 13,759,101 |
| Accounts receivable | 8 | 10,507,883 | 6,796,542 |
| Other current assets | | 1,558,078 | 1,542,430 |
| Cash at banks | 9 | 9,995,797 | 11,707,267 |
| | | <u>37,154,242</u> | <u>33,805,340</u> |
| Total assets | | <u>50,648,984</u> | <u>47,243,950</u> |
| <u>EQUITY AND LIABILITIES</u> | | | |
| Equity - | | | |
| Paid in capital | 1 | 15,000,000 | 15,000,000 |
| Statutory reserve | 19 | 7,496,702 | 7,496,702 |
| Retained earnings | | 17,091,843 | 14,777,772 |
| Total equity | | <u>39,588,545</u> | <u>37,274,474</u> |
| Liabilities - | | | |
| Non-current liabilities - | | | |
| End of service indemnity provision | | 2,783,855 | 2,490,249 |
| Current liabilities - | | | |
| Due to Ministry of Finance | 10 | 6,697,645 | 6,275,421 |
| Accounts payable | | 14,410 | 23,686 |
| Other current liabilities | | 640,905 | 467,630 |
| Income tax provision | 14 | 923,624 | 712,490 |
| | | <u>8,276,584</u> | <u>7,479,227</u> |
| Total liabilities | | <u>11,060,439</u> | <u>9,969,476</u> |
| Total equity and liabilities | | <u>50,648,984</u> | <u>47,243,950</u> |

The attached notes from 1 to 21 form part of these interim condensed financial statements

NATIONAL PETROLEUM COMPANY- PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

| | Notes | For the three months ended 30 June | | For the six months ended 30 June | |
|--|-------|---------------------------------------|------------------|-------------------------------------|------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | JD | JD | JD | JD |
| Company's share of gas revenue | 11 | 781,781 | 958,058 | 1,676,258 | 1,751,442 |
| Recovered costs | 11 | 2,345,341 | 2,874,174 | 5,028,773 | 5,254,326 |
| | | <u>3,127,122</u> | <u>3,832,232</u> | <u>6,705,031</u> | <u>7,005,768</u> |
| Sarhan field project income | 12 | 2,249,754 | - | 2,322,848 | - |
| Hamza field project income | 12 | 5,213 | 50,145 | 106,093 | 481,082 |
| Interest income | | 163,650 | 91,059 | 277,740 | 233,366 |
| Other income | | 26,562 | 28,500 | 121,581 | 83,838 |
| Operating expenses | 13 | (1,866,176) | (2,062,821) | (3,595,495) | (5,164,493) |
| Administrative expenses | | (672,435) | (444,086) | (1,442,937) | (954,197) |
| Sarhan field project expense | 12 | (1,534,002) | - | (1,602,453) | - |
| Hamza field project expense | 12 | (37,463) | - | (67,196) | (119,403) |
| Al-Safawi exploration expenses | | (11,096) | - | (15,011) | (9,240) |
| Profit for the period before tax | | <u>1,451,129</u> | <u>1,495,029</u> | <u>2,810,201</u> | <u>1,556,721</u> |
| Income tax expense | 14 | (253,822) | (294,139) | (496,130) | (326,127) |
| Profit for the period | | <u>1,197,307</u> | <u>1,200,890</u> | <u>2,314,071</u> | <u>1,230,594</u> |
| Add: other comprehensive income items | | - | - | - | - |
| Total comprehensive income for the period | | <u>1,197,307</u> | <u>1,200,890</u> | <u>2,314,071</u> | <u>1,230,594</u> |
| | | <u>JD/Fils</u> | <u>JD/Fils</u> | <u>JD/Fils</u> | <u>JD/Fils</u> |
| Basic and diluted earnings per share | | <u>0/080</u> | <u>0/080</u> | <u>0/154</u> | <u>0/082</u> |

The attached notes from 1 to 21 form part of these interim condensed financial statements

NATIONAL PETROLEUM COMPANY- PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

| | Paid in capital | Statutory reserve | Retained earnings | Total |
|---|--------------------|----------------------|----------------------|-------------------|
| | JD | JD | JD | JD |
| 2023 - | | | | |
| Balance at 1 January | 15,000,000 | 7,496,702 | 14,777,772 | 37,274,474 |
| Total comprehensive income for the period | - | - | 2,314,071 | 2,314,071 |
| Balance at 30 June | <u>15,000,000</u> | <u>7,496,702</u> | <u>17,091,843</u> | <u>39,588,545</u> |
| 2022 - | | | | |
| Balance at 1 January | 15,000,000 | 7,073,066 | 12,339,089 | 34,412,155 |
| Total comprehensive income for the period | - | - | 1,230,594 | 1,230,594 |
| Balance at 30 June | <u>15,000,000</u> | <u>7,073,066</u> | <u>13,569,683</u> | <u>35,642,749</u> |

The attached notes from 1 to 21 form part of these interim condensed financial statements

NATIONAL PETROLEUM COMPANY- PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

| | Notes | For the six months ended 30 June | |
|---|-------|-------------------------------------|--------------------|
| | | 2023 | 2022 |
| | | JD | JD |
| <u>OPERATING ACTIVITIES</u> | | | |
| Profit for the period before tax | | 2,810,201 | 1,556,721 |
| Adjustments - | | | |
| Depreciation and amortization | | 1,463,417 | 1,598,349 |
| Interest income | | (277,740) | (233,366) |
| Unsuccessful wells expenses | | - | 1,301,524 |
| End of service indemnity provision | | 340,505 | 184,275 |
| Gain on sale of property and equipment | | - | (9,449) |
| Working capital changes - | | | |
| Inventories | | (1,333,383) | (460,859) |
| Accounts receivable | | (3,711,341) | (360,589) |
| Other current assets | | (15,648) | (101,789) |
| Due to the Ministry of Finance | | 422,224 | 958,058 |
| Accounts payable | | (9,276) | (38,178) |
| Other current liabilities | | 173,275 | 92,746 |
| End of service indemnity paid | | (46,899) | (59,603) |
| Income tax paid | 14 | (284,996) | (931,162) |
| Net cash flows (used in) from operating activities | | (469,661) | 3,496,678 |
| <u>INVESTING ACTIVITIES</u> | | | |
| Interest income received | | 277,740 | 233,366 |
| Purchase of property and equipment | | (82,570) | (177,253) |
| Projects in progress | | (1,436,979) | (2,647,585) |
| Deposits maturing within six months | | 2,000,000 | (3,000,000) |
| Proceed from sale of property and equipment | | - | 9,800 |
| Net cash flows from (used in) investing activities | | 758,191 | (5,581,672) |
| Net increase (decrease) in cash and cash equivalents | | 288,530 | (2,084,994) |
| Cash and cash equivalents at the beginning of the period | | 9,707,267 | 14,964,582 |
| Cash and cash equivalents at the end of the period | 9 | 9,995,797 | 12,879,588 |

The attached notes from 1 to 21 form part of these interim condensed financial statements

NATIONAL PETROLEUM COMPANY- PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2023 (UNAUDITED)

(1) GENERAL

National Petroleum Company (the "Company") is a Public Shareholding Company incorporated on 21 June 1995 with paid in capital of JD 20,000,000 divided into 20,000,000 shares of JD 1 each. The capital has been amended several times; the last amendment was on 1 November 2001, when a merger took place between Petra Drilling Company and National Petroleum Company at book value. As a result of this merger, the articles of association and bylaws were amended as per the Companies Law. The authorized and paid-in capital became JD 15,000,000 divided into 15,000,000 shares at par value of JD 1 each subscribed as follows:

| | <u>Share/ JD</u> |
|---|------------------|
| Government Investments Management Company * | 14,987,890 |
| Safwa Islamic Bank | 12,110 |

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

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

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

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

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

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

The interim condensed financial statements were authorized for issuance by the Company's Board of Directors on 25 July 2023.

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION –

The interim condensed financial statements are prepared in accordance with International Accounting Standard 34, ("Interim Financial Reporting").

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

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

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual financial statements as of 31 December 2022. In addition, results of the six months period ended 30 June 2023 are not necessarily indicative of the results expected for the financial year ending 31 December 2023.

(2-2) CHANGES IN ACCOUNTING POLICIES-

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

Definition of Accounting Estimates - Amendments to IAS 8

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

The amendment had no material impact on the Company's interim condensed financial statements.

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

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

The amendment had no material impact on the Company's interim condensed financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

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

The amendment had no material impact on the Company's interim condensed financial statements.

(3) GAS RESERVES

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

Based on the results of continuous internal studies updated in 2007 and carried out by in accordance with the most realistic and conservative measurement methods for the productive wells only, the minimum estimated gas reserves were 443 billion cubic feet.

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(4) RECOVERED COSTS

The Petroleum Operations Cost Reimbursement Committee (the "Committee"), formed by the Minister of Energy and Mineral Resources, approved petroleum operations costs of JD 111,941,063 for the period from 1 May 2002 to 31 December 2021 as reimbursable costs. The Company was reimbursed the following costs:

| <u>Period</u> | <u>Amount</u> |
|---------------|-------------------|
| | JD |
| 2023 | 5,028,773 |
| 2022 | 9,016,424 |
| 2021 | 10,099,015 |
| 2020 | 8,340,151 |
| 2019 | 6,626,857 |
| 2018 | 7,405,606 |
| 2017 | 5,070,370 |
| 2016 | 3,493,253 |
| 2015 | 3,687,713 |
| 2014 | 4,116,873 |
| 2013 | 4,529,903 |
| 2012 | 4,909,185 |
| 2011 | 5,437,738 |
| 2010 | 5,538,635 |
| 2005 | 1,769,570 |
| | <u>85,070,066</u> |

The remaining and approved balance (for previous years) is JD 26,870,997 as at 30 June 2023.

The Committee reviewed the petroleum operations cost for the period between 1 January 2022 to 31 December 2022 in the amount of JD 10,082,781. The Committee has not issued their reports up to the date of these interim condensed financial statements.

The Committee reviewed the petroleum operations cost for the period between 1 January 2023 to 31 March 2023 in the amount of JD 1,857,770. The Committee did not review the petroleum operations costs for the period from 1 April 2023 to 30 June 2023 in the amount of JD 1,965,867.

(5) PROPERTY AND EQUIPMENT

During the six months ended 30 June 2023, the Company purchased property and equipment in the amount of JD 82,570 (30 June 2022: JD 177,253). The Company did not dispose any property and equipment during the period ended 30 June 2023 (30 June 2022: Disposed of property and equipment with a net book value of JD 351 resulting in a gain of JD 9,449).

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(6) GAS ASSETS

This amount represents the re-entry costs of Al Risha wells (well 28) as well as drilling of new Risha wells (well 48, well 49, well 50, well 51, well 53, well 54 and well 55) as of 30 June 2023.

Movements on gas assets during the period / year were as follows:

| | 30 June 2023 | 31 December 2022 |
|--|------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Beginning balance for the period / year | 7,335,631 | 6,208,734 |
| Transferred from projects in progress (note 7) | - | 3,695,073 |
| Amortization during the period / year | (1,214,790) | (2,568,176) |
| Ending balance for the period / year | <u>6,120,841</u> | <u>7,335,631</u> |

(7) PROJECTS IN PROGRESS

This amount represents the cost of drilling of new wells (well 56 and well 57) and Al Sarhan field well (WSD1, WSD2, and JF-3) in addition to other construction projects in progress as of 30 June 2023.

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

| | 30 June 2023 | 31 December 2022 |
|--|------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Beginning balance for the period / year | 3,744,036 | 4,096,067 |
| Additions during the period / year | 1,436,979 | 4,738,924 |
| Transferred to property and equipment (note 5) | - | (94,358) |
| Unsuccessful wells expenses (note 13) | - | (1,301,524) |
| Transferred to gas assets | - | (3,695,073) |
| Ending balance for the period / year | <u>5,181,015</u> | <u>3,744,036</u> |

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(8) ACCOUNTS RECEIVABLE

| | 30 June 2023 | 31 December 2022 |
|--|-------------------|---------------------|
| | JD | JD |
| National Electric Power Company (Note 16) | 8,381,289 | 551,621 |
| Ministry of Energy and Mineral Resources | 2,119,759 | 3,845,356 |
| Trans-Global International Company | 927,340 | 927,340 |
| Reda Kannan & Sons Company | 46,222 | 46,222 |
| Central Electricity Generating Company (Note 16) | - | 2,393,431 |
| Others | 6,835 | 6,134 |
| | <u>11,481,445</u> | <u>7,770,104</u> |
| Less: Provision for expected credit losses | <u>(973,562)</u> | <u>(973,562)</u> |
| | <u>10,507,883</u> | <u>6,796,542</u> |

Central Electricity Generation Company and National Electric Power Company settle their outstanding balances every (45) days after the end of each month according to its agreements. Accordingly, receivables do not exceed (90) days from the due date.

Doubtful debts in the amount of JD 973,562 as at 30 June 2023 (31 December 2022: 973,562) and have been fully provisioned for.

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

(9) CASH AT BANKS

| | 30 June 2023 | 31 December 2022 |
|--|-------------------|---------------------|
| | JD (Unaudited) | JD (Audited) |
| Deposits maturing within three months* | 7,500,000 | 8,000,000 |
| Deposits maturing within six months** | - | 2,000,000 |
| On demand deposits*** | <u>2,495,797</u> | <u>1,707,267</u> |
| | <u>9,995,797</u> | <u>11,707,267</u> |

* Time deposits are held in Jordanian Dinars for periods not exceeding 3 months and bear an interest rate between 6% and 6.3% (31 December 2022: 4.63%).

** Time deposits are held in Jordanian Dinars for periods not exceeding 6 months and bear an interest rate of 5.5% as of 31 December 2022.

*** On demand deposits bear an interest rate between 1% to 2.5% (31 December 2022: between 1% to 2.5%).

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

| | For the six months ended 30 June | |
|---|-------------------------------------|-------------|
| | 2023 JD | 2022 JD |
| Cash and cash equivalent | 9,995,797 | 15,879,588 |
| Less: Deposits maturing within six months | - | (3,000,000) |
| Cash and cash equivalent | 9,995,797 | 12,879,588 |

(10) DUE TO THE MINISTRY OF FINANCE

According to the Council of Ministers decision no. 58/1/11/28800 dated 15 July 2019, an agreement was reached for the Company to retain the Ministry of Finance's share of Company revenues for the years 2020 and 2021 as part of the Company's budget, as well as to undertake the necessary procedures to provide the Company with the facilities, for the purpose of exploration and to reach the excavation stage.

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

(11) COMPANY'S SHARE OF GAS REVENUE

| | For the six months ended 30 June | |
|---|-------------------------------------|------------|
| | 2023 JD | 2022 JD |
| Gross gas revenue during the period (Note 16) allocated as below: | 8,381,289 | 8,757,210 |
| - Petroleum operations recovered costs (Note 4) | 5,028,773 | 5,254,326 |
| - Jordanian Government share (Note 16) | 1,676,258 | 1,751,442 |
| - Company's share from gas revenue | 1,676,258 | 1,751,442 |

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(12) HAMZA/SARHAN FIELD PROJECT

This item represents revenue and expenses for providing improved infrastructure development services for Hamza's Field and Sarhan's Field performed during the six months ended 30 June 2023 in favor of the Ministry of Energy and Mineral Resources based on the Council of Ministers decision No. 58/11/1/18026 and 22/9/06192.

(13) OPERATING EXPENSES

| | For the six months ended 30 June | | | | | 2022 |
|--|----------------------------------|----------------|------------------|------------------|------------------|------------------|
| | 2023 | | | | Total | |
| | Gas Station | Exploration | Excavators | Al Risha Wells | | |
| JD | JD | JD | JD | JD | JD | |
| Depreciation and amortization | 24,195 | 9,865 | 169,682 | 1,214,790 | 1,418,532 | 1,557,125 |
| Salaries, wages and other benefits | 350,281 | 193,367 | 718,139 | - | 1,261,787 | 1,421,017 |
| Spare parts and maintenance | 110,144 | 1,890 | 372,692 | 307,898 | 792,624 | 599,723 |
| End of service indemnity | 30,251 | 17,251 | 56,325 | - | 103,827 | 119,862 |
| Insurance expenses | 4,948 | 206 | 13,571 | - | 18,725 | 18,954 |
| Geophysical and reservoir studies | - | - | - | - | - | 146,288 |
| Unsuccessful gas well expenses amortization (Note 7) | - | - | - | - | - | 1,301,524 |
| Total operating expenses | 519,819 | 222,579 | 1,330,409 | 1,522,688 | 3,595,495 | 5,164,493 |

(14) INCOME TAX

The income tax provision for the period ended 30 June 2023 was calculated in accordance with the Income Tax Law No. (34) for the year 2014 and its amendment and as mandated by the Concession Law No. (1) for the year 2010 which states that the statutory income tax rate for the Company is fixed at 15% of taxable income related to its operations under the Concession in addition to a national contribution at a rate of 1% of taxable income.

Movements on the provision for income tax during the period / year were as follows:

| | 30 June 2023 JD (Unaudited) | 31 December 2022 JD (Audited) |
|---|--------------------------------------|--|
| Beginning balance for the period / year | 712,490 | 956,324 |
| Income tax expense during the period / year | 496,130 | 712,490 |
| Prior year income tax | - | 661,555 |
| Paid during the period / year | (284,996) | (1,617,879) |
| Ending balance for the period / year | 923,624 | 712,490 |

The Company has submitted tax returns up to the year 2022. The Company did not obtain a final clearance from the Income Tax Department up to the date of these interim condensed financial statements.

The Company obtained final clearance from the Income Tax Department up to the year 2021.

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(15) CONTINGENT LIABILITIES

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

| | 30 June 2023 | | 31 December 2022 | |
|----------------------|--------------|-------------|------------------|-------------|
| | (Unaudited) | | (Audited) | |
| | Amount | Cash margin | Amount | Cash margin |
| | JD | JD | JD | JD |
| Letters of guarantee | 1,143,000 | 58,100 | 1,143,000 | 65,100 |
| Letters of credit | - | - | 905,526 | 27,165 |

(16) RELATED PARTY TRANSACTIONS

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

Related party balances included in the interim statement of financial position:

| | 30 June | 31 December |
|---|-------------|-------------|
| | 2023 | 2022 |
| | JD | JD |
| | (Unaudited) | (Audited) |
| Current Assets - | | |
| Central Electricity Generating Company (associate of Government Investments Management Company) | - | 2,393,431 |
| National Electric Power Company (Subsidiary of Government Investment Management Company) | 8,381,289 | 551,621 |
| Ministry of Energy and Mineral Resources | 2,119,759 | 3,845,356 |
| Current Liabilities - | | |
| Due to Ministry of Finance | 6,697,645 | 6,275,421 |

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Related party transactions included in the interim statement of comprehensive income:

| | For the six months ended 30 June | |
|--|-------------------------------------|-----------|
| | 2023 | 2022 |
| | JD | JD |
| Gas invoices billed to Central Electricity Generating Company (associate of Government Investments Management Company) (note 11) | - | 8,757,210 |
| Total gas invoices billed to National Electric Power Company (Subsidiary of Government Investment Management Company) (note 11) | 8,381,289 | - |
| Hashemite Kingdom of Jordan – Ministry of Energy and Mineral Resources (Hamza field project income) (note 12) | 106,093 | 481,082 |
| Hashemite Kingdom of Jordan – Ministry of Energy and Mineral Resources (Sarhan field project income) (note 12) | 2,322,848 | - |
| Jordanian Government share for the period (note 11) | 1,676,258 | 1,751,442 |
| Key management salaries and other benefits | 187,805 | 157,143 |
| Board of Directors fees | 9,000 | 9,000 |
| Board of Directors transportation | 18,500 | 16,300 |
| Board of Directors remuneration | 675 | 975 |

17. FAIR VALUE FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

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

The fair value of the financial instruments is not materially different from their book values as of the date of these interim condensed financial statements.

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The table below shows the book value and fair value of the financial assets and liabilities which is not measured on continuous basis as of 30 June 2023 and 31 December 2022:

| | 30 June 2023 | | 31 December 2022 | |
|--------------------------------|--------------|------------|------------------|------------|
| | Book Value | Fair Value | Book Value | Fair Value |
| | JD | JD | JD | JD |
| Financial Assets - | | | | |
| Accounts receivable | 10,507,883 | 10,507,883 | 6,796,542 | 6,796,542 |
| Other current assets | 1,558,078 | 1,558,078 | 1,542,430 | 1,542,430 |
| Cash at banks | 9,995,797 | 9,995,797 | 11,707,267 | 11,707,267 |
| Financial Liabilities - | | | | |
| Accounts payable | 14,410 | 14,410 | 23,686 | 23,686 |
| Due to Ministry of Finance | 6,697,645 | 6,697,645 | 6,275,421 | 6,275,421 |
| Other current liabilities | 640,905 | 640,905 | 467,630 | 467,630 |

(18) LITIGATION

The Company is a defendant in a number of lawsuits totaling JD 86,058 as at 30 June 2023 (31 December 2022: JD 37,796). Management and legal consultant believe that the provision booked is sufficient to meet the obligations that may result from these cases. The Company has no lawsuits filed against others as at 30 June 2023 (31 December 2022: nil).

(19) STATUTORY RESERVE

The Company did not provide for any statutory reserve according to the Companies Law as these financial statements are interim financial statements.

(20) SEGMENT INFORMATION

As shown in the interim statement of comprehensive income, the Company's operations are limited to the activity of extraction and sale of gas in Jordan and their operations do not include other segments.

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(21) TEMPORARY STOPPAGE OF THE PRODUCTION DURING THE YEAR 2022

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

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

The Company is in the process of concluding several gas sale and purchase agreements with several parties. An agreement was signed with one of the Companies to purchase quantities equivalent to 12 million British Thermal Units per day. The Company's management expects to start on these agreements during the last quarter of 2023.