

**National Oil Shale Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan**

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

National Oil Shale Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

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## Independent Auditors Report

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National Oil Shale Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan  
Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of National Oil Shale Company, which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

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

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Expected credit losses and note receivable

The company has applied IFRS (9) expected credit losses requirements which resulted in a change in the calculation of impairment from the incurred loss model to the expected credit loss model, and the allowance for expected credit losses amounting to JD 1,207,825 as at December 31, 2022.

#### Scope of audit

We conducted comprehensive assessment to identify the key controls used to determine expected credit losses, data collection and completeness, and related estimates and assumptions used by the management, and we have tested key control systems on the modeling process.



### **Going Concern**

We would like to refer to note (10) of the financial statements where the accumulated losses for the company amounted to JD 1,416,986 representing 57% of the company's capital, these losses cast significant doubt on the company ability to continue as a going concern.

### **Emphasis of Matter**

We would like to refer to note no. (12) Related to memorandum of understanding and agreements signed by the company.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the yearly report but does not include the financial statements and our auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing (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 International Standard on Auditing, 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 auditors' 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 auditors' 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 have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

The Company has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend to approve these financial statements by the general assembly.

Talal Abu-Ghazaleh & Co. International



Aziz Abdelkader  
(License # 867)  
Amman, March 16, 2023

National Oil Shale Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

Statement of financial position as at December 31, 2022

	Notes	2022	2021
		JD	JD
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	860,389	906,607
Investment in financial assets at fair value through profit or loss	4	161,254	161,308
Other debit balances	5	79,702	91,005
<b>Total Current Assets</b>		<b>1,101,345</b>	<b>1,158,920</b>
<b>Non-Current Assets</b>			
Investments in an associate	6	1	1
Right of use asset	7	17,979	-
Property and equipment	8	515	643
<b>Total Non-Current Assets</b>		<b>18,495</b>	<b>644</b>
<b>TOTAL ASSETS</b>		<b>1,119,840</b>	<b>1,159,564</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Lease liability - current	7	8,717	-
Other credit balances	9	20,110	25,859
<b>Total Current Liabilities</b>		<b>28,827</b>	<b>25,859</b>
<b>Non-Current Liabilities</b>			
Lease liability non - current	7	7,999	-
<b>Total Liabilities</b>		<b>36,826</b>	<b>25,859</b>
<b>Equity</b>			
Paid Capital		2,500,000	2,500,000
Accumulated losses	10	(1,416,986)	(1,366,295)
<b>Net Equity</b>		<b>1,083,014</b>	<b>1,133,705</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,119,840</b>	<b>1,159,564</b>

The accompanying notes constitute an integral part of these financial statements

National Oil Shale Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

Statement of comprehensive income for the year ended December 31, 2022

	Notes	2022	2021
		JD	JD
Murabaha revenue		32,238	31,611
Change in fair value of investments in financial assets at fair value through profit or loss	4	3,534	19,942
Distributed dividends		9,017	6,744
Administrative expenses	10	(95,480)	(104,432)
Loss		(50,691)	(46,135)
Weighted average number of shares		2,500,000	2,500,000
Loss per share		JD (-/02)	JD (-/018)

The accompanying notes constitute an integral part of these financial statements

National Oil Shale Company  
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Statement of changes in equity for the year ended December 31, 2022

	Capital	Accumulated losses	Total
	JD	JD	JD
Balance as at January 1, 2021	2,500,000	(1,320,160)	1,179,840
Loss	-	(46,135)	(46,135)
Balance as at December 31, 2021	2,500,000	(1,366,295)	1,133,705
Loss	-	(50,691)	(50,691)
Balance as at December 31, 2022	2,500,000	(1,416,986)	1,083,014

The accompanying notes constitute an integral part of these financial statements



National Oil Shale Company  
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Statement of cash flows for the year ended December 31, 2022

	2022	2021
	JD	JD
<b>Cash Flow From Operating Activities</b>		
Loss	(50,691)	(46,135)
<b>Adjustment for:</b>		
Change in fair value of investments in financial assets at fair value through profit and loss	(3,534)	(19,942)
Depreciation	128	128
Right of use asset depreciation	6,499	-
Lease liability interest expense	1,110	-
<b>Change in Operating Assets and Liabilities:</b>		
Other debit balances	11,303	6,908
Other credit balances	(5,749)	(4)
<b>Net Cash Flow From Operating Activities</b>	<b>(40,934)</b>	<b>(59,045)</b>
<b>Cash Flow From Investing Activities</b>		
Proceeds from sale of property, plant and equipment	3,588	-
<b>Net Cash Flow From Investing Activities</b>	<b>3,588</b>	<b>-</b>
<b>Cash Flow From Financing Activities</b>		
Paid from lease liability	(8,872)	-
<b>Net Cash Flow From financing Activities</b>	<b>(8,872)</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>(46,218)</b>	<b>(59,045)</b>
Cash and cash equivalents - beginning of year	906,607	965,652
<b>Cash and cash equivalents - end of year</b>	<b>860,389</b>	<b>906,607</b>

The accompanying notes constitute an integral part of these financial statements

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**Notes to the financial statements for the year ended December 31, 2022**

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**1. Legal status and activity**

- The Company was established on May 13, 2007 and registered as a public shareholding company with the Ministry of Industry and Trade under the number (437).
- The main Company's activities are as follows:
  - Oil Shale mining and its use in petrochemical and construction industries and the production of shale oil and gas by desalinated electricity, cement, bricks, sulfur and chemical fertilizers.
  - Mining for oil shale throughout all of the Jordanian territories.
  - Exploitation of similar resources such as oil sand.
- The company operates through the trademark of (SHALE ENERGY).
- The name of the company has been changed to become the National Oil Shale Company instead of the National Oil and Electricity Production from Oil Shale Company, and the legal procedures were completed on November 3, 2021.
- The financial statements have been approved by the Board of Directors in its meeting held on March 15, 2023 it requires the general assembly's approval.

**2. Basis for preparation of financial statements and significant accountant policies**

**2-1 Basis for financial statement preparation**

– **Financial statements preparation framework**

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Standard Board.

– **Measurement bases used in preparing the financial statements**

The financial statements have been prepared on the historical cost basis except for measurement of certain items at bases other than historical cost.

– **Functional and presentation currency**

The financial statements have been presented in Jordanian Dinar (JD) which is the functional currency of the entity.

**2-2 Using of estimates**

- When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and currying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates are reviewed on a constant basis and shall be recognized in the period of the change, and future periods if the change affects them.
- For example, estimates may be required for expected credit loss, useful lives of depreciable assets, provisions, and any legal cases against the entity.

## 2-3 Standards and Interpretations issued that became effective

Standard number or interpretation	Description	Effective date
Amendments to IFRS (1) Subsidiary First-time Adoption of International Financial Reporting Standards	Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture.	January 1,2022
Amendments to IFRS (3) Business Combinations	Minor amendments were made to IFRS (3) to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS (37) Provisions, Contingent Liabilities and Contingent Assets. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	January 1,2022
IFRS (9) Financial Instruments	Annual Improvements to IFRS (9), for year 2018 - 2020	June 1,2022
Amendments to IFRS (16) Covid-19-related Rent Concessions.	<p>As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments.</p> <p>In May 2020, the IASB made an amendment to IFRS 16 Leases, which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.</p> <p>The relief was originally limited to reduction in lease payments that were due on or before June 30, 2021. However, the IASB subsequently extended this date to June 30, 2022.</p>	January 1,2020 April 1,2021
Amendments to IAS (16) Property, Plant and Equipment	The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1,2022
Amendments to IAS (37) Provisions Contingent Liabilities and contingent Assets	The amendment to clarifies that the direct costs of fulfilling a onerous contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling onerous contracts.	January 1,2024

**Standards and Interpretations issued but not yet effective**

Standard number or interpretation	Description	Effective date
IFRS (16) Leases	The amendment clarifies how a seller – lessee subsequently measures sale and lease back transaction.	January 1, 2024
IFRS (17) Insurance Contracts	IFRS (17) was issued in May 2017 as replacement for IFRS (4) Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of: <ul style="list-style-type: none"> <li>discounted probability-weighted cash flows</li> <li>an explicit risk adjustment, and</li> <li>A contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.</li> </ul>	January 1, 2023 (deferred from January 1, 2021)
Amendments to IAS (1)	The amendments to Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.  Classification is unaffected by the expectations of the entity or events after the reporting date.	January 1, 2024 (Deferred from January 1, 2022).
Amendments to IAS (1) and IFRS Practice Statement 2	The amendments to IAS (1) require entities to disclose their material rather than their significant accounting policies.  To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	January 1, 2024 (deferred from January 1, 2022)
Amendments to IAS (8)	The amendment to IAS (8) Accounting Policies, Changes in Accounting Estimates and Errors  The distinction between accounting policies and changes in accounting estimates is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	January 1, 2023.



## 2-4 Summary of significant accounting policies

### – Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

### – Financial assets

- A financial asset is any asset that is:
  - (a) Cash;
  - (b) An equity instrument of another entity;
  - (c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
  - (d) A contract that will or may be settled in the entity's own equity instruments.
- Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset, but for financial assets at fair value through profit or loss, transaction costs are recognized in profit or loss.
- Financial assets are classified to three categories as follows:
  - Amortized cost.
  - Fair value through other comprehensive income.
  - Fair value through profit or loss.
- A financial asset is measured at amortized cost if both of the following conditions are met:
  - (a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
  - (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:
  - The financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
  - The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interests on that principal amount outstanding.
- All other financial assets (excluding financial assets at amortized cost or at fair value through other comprehensive income) are subsequently measured at fair value in profit or losses.
- On initial recognition of an equity investment that is not held for trading, the entity may irrevocably elect to present subsequent changes in the investments fair value in other comprehensive income.

### Subsequent measurement of financial assets

Subsequently financial assets are measured as follows:

Financial assets	Subsequent measurement
Financial assets at fair value through profit or loss	Are subsequently measured at fair value net gains or losses, including interests revenues or dividends, are recognized in profit or loss
Financial asserts at amortized cost	Are subsequently measured at amortized cost using effective interests method. – Amortized cost is reduced by impairment losses. – Interests income, gain and loss of foreign exchange and impairment loss are recognized in profit or loss. – Gain and loss from disposal are recognized in profit or loss.
Debts instruments at their value through other comprehensive income	Are subsequently measured at fair value – Interests income is calculated using effective interests method, gains and losses from foreign exchange, impairment losses are recognized in profit or loss. – Other net gains or losses are recognized in other comprehensive income. – On derecognition accumulated gains and losses in other comprehensive income are reclassified into profit or loss.
Equity instruments at fair value through other comprehensive income	Are subsequently measured at fair value – Dividends are recognized as income in profit or loss, unless the dividends clearly represent a recovery of part of investment cost. – Other net gains and losses are recognized in other comprehensive income (OCI) and are never reclassified from equity to profit or loss.

### Derecognition of financial assets

Derecognition of financial assets (or a part of a group of similar financial assets) when:

- The contractual rights to the cash flow from the financial assets expire, or
- It transfers the contractual rights to receive the cash flows of the financial assets or assume a contractual obligation to pay the cash flows entirely to a third party.

### Financial liabilities

- A financial liability is any liability that is:
  - (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
  - (b) A contract that will or may be settled in the entity's own equity instruments.
- Financial liabilities are initially recognized at fair value less transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

- After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method, Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

#### **Trade payables and accruals**

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

#### **Cash and cash equivalents**

Cash comprises cash on hand, current accounts and short term deposits at banks with a maturity date of three months or less, which are subject to an insignificant risk of changes in value.

#### **Trade receivables**

- Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Trade receivables are stated at invoices amount net of allowance for expected credit loss, which represents the collective impairment of receivables.

#### **Investments in associates**

- An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies, if the entity holds 20 percent or more of the voting power of the investee, it is presumed that the entity has signified influence.
- The entity's investment in its associate is accounted for under the equity method of accounting. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. The investor's share of those changes is recognized in other comprehensive income of the investor.
- When loss of significant influence of the associate occur, the entity shall measure the retained interest at fair value, and recognize the difference between the carrying amount of the investment and the fair value of any retained interest and any proceeds from disposing in the statement of income.
- Intra-entity profit and loss transactions are eliminated to the extent of the investor's interest in the relevant associate.

#### **Impairment of financial assets**

- At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit - impaired. A financial assets is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.
- The entity recognizes loss allowance for expected credit loss (ECL) on:
  - Financial assets measured at amortized cost.
  - Debt investments measured at FVOCI.
  - Contract assets.
- The entity measures loss allowances at an amount equal to lifetime ECLs.
- Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Entity considers reasonable and supportable information that is relevant and available without undue cost or effort based in the entity's historical experience and forward looking information.
- The entity considers a financial asset to be in default when:
  - The client is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realizing security (if any); or
  - The financial asset is more than 360 days past due.
- Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
- A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The entity writes off the gross carrying amount of the financial asset in case of, liquidation, bankruptcy or issuance of a court ruling to reject the claim for financial asset.

### **Property and equipment**

- Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
- After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment.
- The depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

<u>Category</u>	<u>Depreciation rate</u>
	%
Vehicle	15
Furniture	10
Electrical machinery and computers	15-20
Leasehold improvements	10

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairment losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceeds, if any, and the carrying amount, is included in profit or loss.

### **Impairment of non-financial assets**

- At each statement of financial position date, management reviews the carrying amounts of its non-financial assets (property, plant and equipment and investment property) to determine whether there is any indication that those assets have been impaired.
- If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.



- For the purpose of impairment valuation, assets are grouped at the lower level that have cash flow independently (cash generating unit), previous impairment for non-financial assets (excluding goodwill) is reviewed for the possibility of reversal at the date of the financial statements.
- An impairment loss is recognized immediately as loss.
- Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

#### **Provisions**

- Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.
- Provisions reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income.
- If the entity expected to be reimbursed for a part or full provision, the reimbursement shall be recognized within assets, when it is virtually certain and its value can be measured reliably.
- In the statement of comprehensive income, the expense relating to a provision may be presented net of the amount recognized for reimbursement.
- Where the effect of the time value of money is material, provisions are discounted by using a currently pre-tax discount rate that reflect the risks specific to the liability, when using discount any increase in provision is recognized as a financial cost over time.

#### **Basic earnings per share**

Basic earnings per share is calculated by dividing profit or loss, attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year.

#### **Revenue recognition**

- The entity recognize revenue from sale of good and rendering of service when control is transferred to the customer.
- Revenues are recognized based on consideration specified in contract with customer that expected to be received excluding amounts collected on behalf of third parties.
- Revenue is reduced for amount of any trade discounts and volume rebates allowed by the entity.

#### **Dividend and interest revenue**

- Dividend revenue from investments is recognized when the shareholder's right to receive payment is established.
- Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

### 3. Cash and cash equivalents

	2022	2021
	JD	JD
Deposits at a bank (*)	860,000	900,000
Current account at banks	389	6,607
<b>Total</b>	<b>860,389</b>	<b>906,607</b>

(\*) This item represents a deposit at a local bank tied from one month to one year at a murabaha rates between 3.69 to 4.5% yearly.

### 4. Investments in financial assets at fair value through profit or loss

	2022	2021
	JD	JD
Beginning of year balance	161,308	141,366
Change in fair value	3,534	19,942
Impairment	(3,588)	-
<b>End of year balance</b>	<b>161,254</b>	<b>161,308</b>

### 5. Other debit balances

	2022	2021
	JD	JD
Associate receivable	6,078	6,078
Deduct: Allowance for expected credit losses	(6,078)	(6,078)
<b>Net</b>	<b>-</b>	<b>-</b>
Advance payments on sales tax	52,454	51,438
Accrued murabaha revenue	9,692	7,643
Advance payments on income tax	8,526	23,309
Prepaid expenses	5,827	8,302
Advance payments on national contribution	2,890	-
Refundable deposits	300	300
Other	13	13
Notes receivable (*)	-	-
<b>Total</b>	<b>79,702</b>	<b>91,005</b>

(\*) Movement of notes receivable is as follows:

	2022	2021
	JD	JD
Notes receivable - note (12)	1,212,082	1,212,082
Brokerage company receivable	(10,335)	(10,335)
Notes receivable, net	1,201,747	1,201,747
Allowance for expected credit loss	(1,201,747)	(1,201,747)
Net	-	-

#### 6. Investments at associate

Based on the signed agreement between National company and C.J Group Solution Pvt. Ltd -Indian national referred to note (11) where (Al-Sultani International for Oil) was established at January 24, 2012, its main objectives are mining for petroleum, natural gas and produce electrical power. Following is investment in associate:

Company	Legal status	Country of incorporation	Ownership	Investment value
			%	JD
Al-Sultani International for Oil	PSC	Jordan	51	56,100

(\*) Movement on this item during the year is as follows:

	2022	2021
	JD	JD
Cost	56,100	56,100
Impairment of investment	(56,099)	(56,099)
Total	1	1

#### 7. Right of use asset

– The company rents offices and warehouses, usually the rent contract periods for 3 years renewable.

–Movement on right of use asset during the year is as follows:

2022	Right of use
Cost	JD
The effect of applying IFRS 16	24,478
Balance - end of year	24,478
Accumulated Depreciation	
Depreciation	(6,499)
Balance - end of year	(6,499)
Net	17,979

–Movement lease liability during the year is as follows:

	2022
	JD
The effect of applying IFRS 16	24,478
Interest expense	1,110
Paid during the year	(8,872)
<b>Balance - end of year</b>	<b>16,716</b>
Current portion	8,717
Non - Current portion	7,999

## 8. Property, plant and equipment

	Leasehold improvements	Furniture	Vehicle	Electrical machinery and computers	Total
2022	JD	JD	JD	JD	JD
<b>Cost</b>					
Beginning of year balance	1,210	6,030	24,250	15,818	47,308
End of year balance	1,210	6,030	24,250	15,818	47,308
<b>Accumulated depreciation</b>					
Beginning of year balance	725	5,874	24,249	15,817	46,665
Depreciation	120	8	-	-	128
End of year balance	845	5,882	24,249	15,817	46,793
<b>Net</b>	<b>365</b>	<b>148</b>	<b>1</b>	<b>1</b>	<b>515</b>
<b>2021</b>					
<b>Cost</b>					
Beginning of year balance	1,210	6,030	24,250	15,818	47,308
End of year balance	1,210	6,030	24,250	15,818	47,308
<b>Accumulated depreciation</b>					
Beginning of year balance	605	5,866	24,249	15,817	46,537
Depreciation	120	8	-	-	128
End of year balance	725	5,874	24,249	15,817	46,665
<b>Net</b>	<b>485</b>	<b>156</b>	<b>1</b>	<b>1</b>	<b>643</b>



9. Other credit balances

	2022	2021
	JD	JD
Subscribers and founders deposits	14,913	19,731
Vacations provision (*)	2,916	3,820
Accrued expenses	2,281	2,308
<b>Total</b>	<b>20,110</b>	<b>25,859</b>

(\*) The movement on the provision during the year was as follows:

	2022	2021
	JD	JD
Beginning of year balance	3,820	3,820
Paid during the year	(904)	-
<b>End of year balance</b>	<b>2,916</b>	<b>3,820</b>

10. Accumulated losses

The accumulated losses for the company has reached a total amount of JD 1,416,986 which comprises a 57% of the company's capital as of December 31, 2022, managements plan relating to the company's operations and its ability to continue as follows:

- Continuing the negotiations with the companies which own the the shale oil distillation technologies about its suitability to the Jordanian shale oil, study and evaluating the technical and economical includes licenses, right of use the technology and guarantees the performance and developing a technology to go along with the Jordanian shale oil for Al-Sultani area, and approving on establishing a demo distillation unit.
- Make a partnership agreement with one of the shale oil distillation technologists to contribute and construct a distillation unit for having a good features.
- Work on evaluating, studying, approving and developing a technical technology to create the confidence in this technology to advertise The Jordanian Shale Oil Project, its an important step to set the economic feasibility of shale oil distillation as an alternative energy source in Jordan.

# 11. Administrative expenses

	2022	2021
	JD	JD
Salaries and wages (*)	56,002	56,460
Contribution to social security	8,046	8,046
Professional fees	6,500	6,500
Right of use depreciation	6,499	-
Rents	3,315	10,873
Governmental expenses	3,292	14,972
Miscellaneous	3,181	745
Health insurance	2,260	2,258
Vehicles	1,916	622
Right of use interest	1,110	-
Hospitality	1,032	746
Communications	756	775
Maintenance	685	1,092
Utilities	453	417
Advertisements	150	150
Depreciation	128	128
Employees bonuses	100	100
Stationery and printings	55	44
Legal expenses	-	504
<b>Total</b>	<b>95,480</b>	<b>104,432</b>

(\*) Salaries and wages represent executive managements salaries amounting to JD 56,002 for the year ended December 31, 2022 (JD 56,460 for the year ended December 31, 2021).

# 12. Memorandum of understanding and agreements

- A memorandum of understanding had been signed between the company and the Government of Jordan on April 11, 2010 and adjusted on October 4, 2010, which the minister of Energy and Natural Resources granted the company with approval of the Ministry Council and The Natural Resources of Jordan the exploring right and mining of oil shale in Al-Sultani area with the condition of conducting a bankable feasibility study and prepare a business development plan to be accomplished within a short period of time from the start date of mining to be able to get the privilege right from the government. The Memorandum was extended to April 11, 2014, a bankable feasibility study was submitted on time, where the company follows up and discuss the requirements of the Ministry of Energy and Mineral Resources to suit the current situation.
- An agreement was signed between the company and CJ Group Solution Pvt. Ltd. India on December 16, 2010 adjusted on April 17, 2011, which followed by an annex on December 5, 2011 to establish a private shareholding co. in Jordan to create a project in Al-Sultani area to benefit from oil shale in the area to execute the privilege right granted to the company, where the CJ Group provides all financial requirements to cover the cost of the project in all phases and to pay the

needed payments on time without any additional cost or responsibility on the company. According to that Al-Sultan Oil International was established and registered on December 24, 2012 where the main objectives of the company are to mine for oil, natural gas and to produce electrical energy.

- CJ Group Solution did not comply with agreement and till date neither issue a financial statements nor provide the financing requirements of the project according to above mentioned agreement, based on that privilege right and concession was retained.

### 13. Lawsuits

#### (\*) Lawsuits raised by the company

The case brought by the North Amman Enforcement Court on the subject of the implementation of the decision of the North Amman Court of Rights No. (30/2012) on the subject of obliging defendants in the amount of JD 1,200,000 in addition to fees and legal interest.

#### (\*\*) Notes Receivable

- On November 18, 2008 the company filed a lawsuit at Amman district attorney's against a former board of directors' member and the brokerage company for amounts that was drawn from the portfolio of the company. Based on the settlement between the company and the former board member on 2009, the company obtained (37) notes receivable the value of each is JD 24,778 except for the last one with the value of JD 423,230 to cover the board member and the brokerage company debts amounting to JD 1,315,230 as of December 31, 2008. The first installment was due on January 1, 2010 and the last on December 1, 2012, these notes receivable are guaranteed by other people. An amount of JD 103,148 was collected during 2010 from the total amount of JD 297,336 due in 2010. No amounts were collected from the notes that was due on 2011 and 2012. Amman north court issued an order dated December 30, 2014 that the defendants should pay an amount of JD 1,216,118.
- On July 27, 2011 an executive case had been filed at Amman initial court, and on September 11, 2011 the defendants denied the debts of notes receivable, on January 4, 2012 a lawsuit had been filed against the debtors, and the case is still outstanding at the court.
- On January 4, 2012 a lawsuit was filed at Amman North court under No. 30/2012 against debtors claiming an amount of JD 1,216,118 in addition to paid fees, the case still outstanding at the court.
- On May 15, 2021 the cassation courts issued their ruling number 202120/2448 to overrule the cassation case filed against the company and to confirm the cassation court verdict including the fees, expenses and lawyers' fees thus the mentioned verdict has gained absoluteness.
- The legal case has been transferred to an enforceable lawsuit under the reference number 3002/2001/k to carry on the execution of the North Amman initial court verdict for the legal case number 30/2012 obliged the defendants to pay the fees, expenses and lawyers' fees and incurred legal interests.

### 14. Tax status

- Tax status for the company has been settled with the income and sales tax department until the end of 2020.
- The opinion of the tax consultant there is no tax liability on the company due to the existence of acceptable accumulated losses.

### 15. Risk management

#### a) Capital risk:

- Regularly, the capital structure is reviewed and the cost of capital and the risks associated with capital are considered. In addition, capital is managed properly to ensure continuing as a going concern while maximizing the return through the optimization of the debt and equity balance.
- The accumulated losses for the company has reached an amount of JD 1,416,986 that represent 57% of the company's capital.

b) Currency risk:

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.

c) Interest rate risk:

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates resulting from borrowings and depositing in banks.
- The entity is not exposed to interest rate risk, because the company gets Murabaha amounts on their deposit.

d) Other price risk:

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments.

The following table shows the sensitivity to profit or loss and equity to the changes in the listed prices of investment in equity instruments assuming that there are no changes to the rest of other variables:

As of December 31, 2022	Change in interest	Effect on profit (loss)
	%	JD
Investments in financial assets at fair value through profit or loss	± 0,5	8,063
<u>As of December 31, 2021</u>		
Investments in financial assets at fair value through profit or loss	± 0,5	8,065

e) Credit risk:

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the year are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors.
- The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking into account the value of any collateral obtained.

f) Liquidity risk:

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.

- The following table shows the maturity dates of financial assets and liabilities as of December 31:

Description	Less than one year		More than one Year	
	2022	2021	2022	2021
	JD	JD	JD	JD
<b>Financial Assets:</b>				
Cash and cash equivalents	860,389	906,607	-	-
Investment in financial assets at fair value through profit or loss	161,254	161,308	-	-
Other debit balances	10,005	7,956	-	-
Investment in an associate	-	-	1	1
<b>Total</b>	<b>1,031,648</b>	<b>1,075,871</b>	<b>1</b>	<b>1</b>
<b>Financial Liabilities:</b>				
Other credit balances	17,194	22,039	-	-
<b>Total</b>	<b>17,194</b>	<b>22,039</b>	<b>-</b>	<b>-</b>

#### 16. Fair value of financial instruments

- The entity classifies the fair value valuation basing on the sequential hierarchy for the fair value which reflects the importance of the inputs used at valuation, follows the fair value sequential hierarchy for the financial instruments that were evaluated:  
Level 1: listed prices (unadjusted) in active markets for identical assets or liabilities.  
Level 2: inputs rather than prices listed in level 1 and observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).  
Level 3: inputs for the asset or liability is not based on comparable market data that can be observed (non-observable inputs).

At December 31, 2022	Level(1)
	JD
Investment in financial assets at fair value through profit or loss	161,254
<b>Total</b>	<b>161,254</b>

- The book value of the financial instruments is approximately equivalent to the fair value.

#### 17. The potential effects of economic fluctuations

As a result of the current global conflict, where the entity has taken into account any possible impact of current economic fluctuations in the inputs of future macroeconomic factors when determining the severity and probability of economic scenarios to determine expected credit losses.

Because of the potential effects of the Corona virus, the management of the entity has taken future information for the twelve months following the reporting period at least, whether related to the negative effects of the virus on the business process or the ability to pay its debts. The management of the entity has made a study of the potential effects of the current economic fluctuations to determine the declared amounts of the entity's financial and non-financial assets that represent management's best estimates based on observable information. Markets remain volatile and the amounts recorded remain sensitive to fluctuations in the market.