ELECTRICITY DISTRIBUTION COMPANY
PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Ernst & Young Jordan
P.O. Box 1140
300 King Abdulla Street
Amman 11118
Jordan
Tel:00962 6 580 0777 /00962 6552 6111
Fax:00962 6 5538 300
www.ey.com

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Electricity Distribution Company- Public Shareholding Company
Amman – Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Electricity Distribution Company - Public Shareholding Company (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, except for the effect of the matter described in the basis for qualified opinion paragraph of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As disclosed in note (13) to the consolidated financial statements, the Group has not implemented the requirements of International Financial Reporting Standards 9 (IFRS 9) regarding the expected credit loss related to accounts receivables.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our qualified audit opinion on the accompanying consolidated financial statements.

<table>
<tr><td colspan="2">Key audit matter: Revenue recognition (Tariff)

Disclosures on revenue recognition are included in note (32) to the consolidated financial statements.</td></tr>
<tr><td>Key audit matter

We identified electricity power sales revenue as a key audit matter due to high volume of sales revenue originated from electricity power sales to subscribers. The significant risks associated with the accuracy of measurement of recognized revenues are related to billing systems and revenue recognition. Total revenues recognized during 2023 were amounted to JD 581,998,291.</td><td>How the key audit matter was addressed in the audit

Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable International Financial Reporting Standards. In addition to that, we have tested the Group's internal controls over the completeness, measurement and occurrence of revenue recognized including reconciliations between sales and cash receipts and testing the billing system controls. We selected a representative sample of transactions and tested proper revenues recording and recognition. In addition, we selected a sample during the period before and after the cutoff period to check proper recognition. Additionally, we performed substantive analytical procedures for the gross margin and sales revenues on a monthly basis.</td></tr>
</table>

Other Information Included in The Company's 2023 Annual Report

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit of the consolidated financial statement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the consolidated financial statements and we recommend approving them, taking into consideration the matter described in the basis of qualified opinion paragraph.

For and on behalf of Ernst & Young – Jordan.

Osama Shakhatreh
License No. 1079

ERNST & YOUNG
Amman - Jordan

Amman – Jordan
24 March 2024

ELECTRICITY DISTRIBUTION COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023	2022
ASSETS		JD	JD
NON-CURRENT ASSETS-			
Property and equipment	3	250,589,910	225,856,370
Subscribers' and rural fils contributions assets	4	205,887,758	202,040,555
Projects in progress	5	30,645,651	21,852,438
Dispute lawsuits payments	6	51,311	44,417
Long-term loan receivable	7	1,339,375	1,343,855
Deferred tax assets	8	4,283,536	3,642,764
Strategic inventory	12	10,854,855	17,317,012
Intangible assets	9	15,616,658	17,157,351
Investment in an associates	10	1,182,468	951,450
Right-of-use assets	11	234,540	335,055
		520,686,062	490,541,267
CURRENT ASSETS			
Inventory	12	9,757,560	9,045,574
Accounts receivable	13	206,311,338	262,239,048
Other current assets	14	15,085,609	16,295,059
Cash and bank balances	15	39,627,559	40,526,413
		270,782,066	328,106,094
TOTAL ASSETS		791,468,128	818,647,361
EQUITY AND LIABILITIES			
EQUITY-	16		
Paid in capital		14,000,000	12,000,000
Statutory reserve		3,500,000	3,000,000
Voluntary reserve		698,677	698,677
Retained earnings		21,576,943	27,754,124
Total equity - attributable to shareholders		39,775,620	43,452,801
Non-controlling interest	34	25,860,942	23,974,590
Total equity		65,636,562	67,427,391
LIABILITIES -			
NON-CURRENT LIABILITIES -			
Subscribers and rural fils contributions liabilities	4	205,887,758	202,040,555
Lease liabilities	11	148,150	244,907
Advances from subscribers	17	24,751,343	22,550,455
Provision for end-of-service indemnity	18	23,920,976	22,154,565
Excess of subscribers' contribution	19	3,108,577	3,916,196
Unearned revenues		4,011,523	3,360,831
Subscribers' deposits	20	90,838,273	85,455,957
Long-term loans	21	20,400,000	27,111,115
		373,066,600	366,834,581
CURRENT LIABILITIES -			
Current portion of long-term loans	21	9,600,000	7,555,555
Short-term loan	21	29,802,042	30,286,473
Current portion of lease liabilities	11	99,075	111,909
Due to banks	22	88,169,974	42,576,170
Accounts payable	23	194,695,943	272,136,721
Accrued expenses and other current liabilities	24	22,139,095	19,653,440
Excess of subscribers' contributions	19	807,619	807,619
Other provisions	25	3,186,255	2,683,068
Income tax provision	8	4,264,963	8,574,434
		352,764,966	384,385,389
Total Liabilities		725,831,566	751,219,970
TOTAL EQUITY AND LIABILITIES		791,468,128	818,647,361

The attached notes from 1 to 40 form an integral part of these consolidated financial statements

ELECTRICITY DISTRIBUTION COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD
Electricity power sales		581,998,291	583,919,087
Cost of power purchased		(479,670,790)	(461,839,171)
Gross Profit	27	102,327,501	122,079,916
Other operating revenues, net	28	1,935,570	1,884,477
General and administrative expenses	29	(65,598,839)	(63,277,576)
Depreciation	3	(21,875,634)	(20,655,638)
Amortization of dispute lawsuits payments	6	(16,620)	(18,371)
Provision for expected credit losses and doubtful debts	13,14	(1,796,202)	(2,685,099)
Provision for slow moving inventory	12	(632,624)	(1,042,856)
Operating profit from core activities		14,343,152	36,284,853
Revenue from non-core activities	30	10,611,689	9,678,478
Interest income		2,321,969	430,582
Interest income on late payments		5,570,326	9,804,871
Group’s share of an associate’s profits	10	131,018	48,242
Licenses amortization	9	(1,540,693)	(1,540,693)
Non-core activities expenses	31	(2,767,407)	(2,124,834)
Finance and Murabaha cost		(7,313,548)	(6,213,264)
Interest expense on late payments		(5,597,704)	(9,433,852)
Profit from non-core activities		1,415,650	649,530
Profit before income tax		15,758,802	36,934,383
Income tax expense	8	(5,209,131)	(9,446,300)
Profit for the year		10,549,671	27,488,083
Other comprehensive income		-	-
Total comprehensive income for the year		10,549,671	27,488,083
Profit for the year and total comprehensive income for the year attributable to:			
Shareholders		7,104,419	18,941,452
Non-controlling interest	34	3,445,252	8,546,631
		10,549,671	27,488,083
		JD / Fils	JD / Fils
Basic and diluted earnings per share attributable to shareholders	26	0/507	1/353

The attached notes from 1 to 40 form an integral part of these consolidated financial statements

ELECTRICITY DISTRIBUTION COMPANY - PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to shareholders						
	Paid-in capital	Statutory Reserve	Voluntary reserve	Retained earnings	Total	Non-controlling interests	Total equity
	JD	JD	JD	JD	JD	JD	JD
2023 -							
Balance at 1 January 2023	12,000,000	3,000,000	698,677	27,754,124	43,452,801	23,974,590	67,427,391
Total comprehensive income for the year	-	-	-	7,104,419	7,104,419	3,445,252	10,549,671
Capital increase	2,000,000	-	-	(3,781,600)	(1,781,600)	1,781,600	-
Transfer to statutory reserve	-	500,000	-	(500,000)	-	-	-
Dividends paid to non-controlling interest (note 16)	-	-	-	-	-	(3,340,500)	(3,340,500)
Dividends paid to shareholders (note 16)	-	-	-	(9,000,000)	(9,000,000)	-	(9,000,000)
Balance at 31 December 2023	14,000,000	3,500,000	698,677	21,576,943	39,775,620	25,860,942	65,636,562
2022 -							
Balance at 1 January 2022	12,000,000	3,000,000	698,677	16,312,672	32,011,349	18,100,359	50,111,708
Total comprehensive income for the year	-	-	-	18,941,452	18,941,452	8,546,631	27,488,083
Dividends paid to non-controlling interest (note 16)	-	-	-	-	-	(2,672,400)	(2,672,400)
Dividends paid to shareholders (note 16)	-	-	-	(7,500,000)	(7,500,000)	-	(7,500,000)
Balance at 31 December 2022	12,000,000	3,000,000	698,677	27,754,124	43,452,801	23,974,590	67,427,391

The attached notes from 1 to 40 form an integral part of these consolidated financial statements

ELECTRICITY DISTRIBUTION COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD
OPERATING ACTIVITIES			
Profit before tax		15,758,802	36,934,383
Adjustments for:			
License amortization		1,540,693	1,540,693
Depreciation and amortization	3, 6	22,226,047	21,008,533
Gain on sale of property and equipment		(57,237)	(55,369)
Interest income		(2,321,969)	(430,582)
Interest income from late payment of energy bills		(5,570,326)	(9,804,871)
Finance and Murabaha cost		7,313,548	6,213,264
Interest expense from late payment of energy bills		5,597,704	9,433,852
End-of-service indemnity provision	18	5,241,000	5,212,430
Provision for expected credit losses and doubtful debts	13, 14	1,796,202	2,685,099
Group's share of an associate's profit	10	(131,018)	(48,242)
Other provisions		699,292	423,927
Amortization profit of excess of subscribers' contributions		(807,619)	(885,741)
Provision for slow-moving inventories	12	632,624	1,042,856
Depreciation of right of use asset		100,515	100,515
Finance cost of leases	11	22,409	30,808
Working capital changes:			
Inventory		5,117,547	(6,236,747)
Accounts receivable and other current assets		60,915,764	141,333,273
Accounts payable, accrued expenses and other current liabilities		(80,883,459)	(103,488,640)
Advances from subscribers		21,976,519	19,152,555
Subscribers' deposits		5,382,316	6,297,113
Deferred revenues		650,692	281,562
End-of-service indemnity provision paid	18	(3,474,589)	(1,566,081)
Other provisions paid		(196,105)	(583,697)
Income tax paid	8	(10,159,374)	(6,202,420)
Net cash flows from operating activities		51,369,978	122,388,473
INVESTING ACTIVITIES			
Projects in progress		(42,415,491)	(29,689,530)
Purchase of property and equipment.	3	(34,901,944)	(17,905,368)
Proceeds from sale of property and equipment		1,862,862	61,968
Interest income received		2,321,969	430,582
Dispute lawsuits payments	6	(23,514)	(16,423)
Investment in an associate	10	(100,000)	-
Deposits at banks		(15,000,000)	(20,000,000)
Net cash flows used in investing activities		(88,256,118)	(67,118,771)
FINANCING ACTIVITIES			
Repayment of loans, net		(5,151,101)	20,286,473
Interest expense paid		(6,982,917)	(6,186,094)
Dividends paid to non-controlling interest		(3,340,500)	(2,672,400)
Dividends paid		(9,000,000)	(7,500,000)
Lease liability and finance cost paid	11	(132,000)	(132,000)
Net cash flows (used in) from financing activities		(24,606,518)	3,795,979
Net (decrease) increase in cash and cash equivalents		(61,492,658)	59,065,681
Cash and cash equivalents at 1 January		(22,049,757)	(81,115,438)
Cash and cash equivalents at 31 December	15	(83,542,415)	(22,049,757)

The attached notes from 1 to 40 form an integral part of these consolidated financial statements

(1) General

Electricity Distribution Company Public Shareholding Company (“the Company”) was established on 12 February 1998 as a public shareholding company in implementation of the Council of Ministers’ resolution dated 4 October 1997 regarding establishment of a separate company from the National Electricity Company to undertake the distribution of electric power in the following areas: Aqaba, Ma’an, Karak,Tafylleh, Jordan Valley and Eastern area, and to be 75% owned by the Government and 25% by National Electricity Company until privatization, in which all distributing activities in National Electricity Company will revert to it. On 2 July 2008, the Company underwent privatization when Kingdom Electricity Company acquired both the Government's share and the National Electricity Company's shares.

The Company commenced its industrial and commercial activities on 1 January 1999.

The Company was registered in Aqaba Special Economic Authority under registration No. 1101103002 on 30 October 2001 in accordance with the regulations, and instructions of the Aqaba Special Economic Zone Law No. 32 for the year 2000.

The principal activities of the Company are to purchase and distribute electric power in the area mentioned above in accordance with the distribution license that the Company was granted in 30 June 2008 and its valid for 25 years from that date.

According to the distribution and supplies license granted to the Group on 30 June 2008 from Energy and Mineral Regulatory Commission (EMRC), the annual return from core activities before tax is determined based on the Regulatory Asset Base set by EMRC. The Group's financial results indicate that the deficit in profits continues until the end of 2023. Accordingly, this deficit will be recovered by determining the tariff for the upcoming tariff period as per the tariff determination methodology stated in the license; additionally, the deficit amount is subject to EMRC revision and amendment as mentioned in the license.

The consolidated financial statements have been approved by the Board of Directors in their meeting held on 10 March 2024. The consolidated financial statements require approval of the Company’s General Assembly.

These financial statements are consolidated with the Ultimate Parent Company, Social Security Investment Fund.

(2) Basis Of Preparation and accounting policies

2.1 Basis of preparation

The consolidated financial statements for the Group have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements are prepared under the historical cost convention.

The consolidated financial statements are presented in Jordanian Dinars which represent the functional currency of the Group.

2.2 Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiary (Irbid District Electricity Company) as at 31 December 2023:

	Year of incorporation	Paid-in-capital	Nature of Activity	Ownership
		JD		%
Irbid District Electricity Company	1957	14,000,000	Electricity distribution	55.46

Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The investee company is controlled only when the following is achieved:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee, including:

- Contractual agreements with shareholders that have voting rights in the investee.
- Rights resulting from other contractual arrangements; and
- The Group’s current and future voting rights in the investee.

The Group reassesses its control over the investee when circumstances and factors exist that lead to the change in one or more of the three factors listed above.

Subsidiaries are fully consolidated from the date of acquisition being the date on which the Group gains control, and continues to do so until the date when such control ceases. The subsidiaries revenues and expenses are consolidated in the consolidated statement of comprehensive income from the date the Group gains control over the subsidiaries until that control ceases.

Profits, losses, and all other comprehensive income items are attributed to the shareholders' equity of the parent company, and to non-controlling interest, even if this leads to a deficit balance. If need arises, the subsidiaries' financial statements are adjusted accordingly to comply with the Group's accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit or loss and other comprehensive income
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss.

2.3 Changes in accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated 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:

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 has been applied retrospectively on 1 January 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

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

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

The amendments had no impact on the consolidated financial statements of the Group.

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

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

The amendments had no impact on the consolidated financial statements of the Group.

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 recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

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

The amendments had no impact on the consolidated financial statements of the Group.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

• A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

• Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

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

The amendments had no impact on the consolidated financial statements of the Group.

2.4 Summary of material accounting policies

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Repair and maintenance expenses are recognized in the consolidated statement of comprehensive income.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets (expect for land) using annual percentages as follows:

	%
Buildings and constructions	2
Underground cables	3
Transformation stations and network	5 – 7
Subscribers' meters	7
Telecommunication equipment	12
Computers	20
Vehicles	15
Laboratory equipment	9 – 20
Operating equipment	9 – 20
Tools	20
Other equipment	9 – 20
Furniture and office equipment	9 – 20

Property and equipment are depreciated using the above rates after excluding fully depreciated property and equipment.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, and relocated in the consolidated statement of comprehensive income.

The estimated useful lives are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of comprehensive income when the asset is derecognised.

Subscribers' contributions Assets and Liabilities

These assets are stated separately based on the Energy and Mineral Regulatory Commission regulations under non-current assets, with a similar contra liability account under non-current liabilities with the same amount.

Subscriber's contributions assets are depreciated on a straight-line basis at 4% annually and the liability is amortized using the same rate, thus it does not affect the consolidated statement of comprehensive income.

Rural Fils assets

This item represents the infrastructure assets to distribute electric power to rural area which are classified as non-current assets, with a similar contra liability account classified as non-current liabilities with the same amount based on Energy and Mineral Regulatory Commission regulations.

Rural fils assets are depreciated on a straight-line basis at 4% annually, and the liability is amortized using the same rate, thus it does not affect the consolidated statement of comprehensive income.

Dispute lawsuits payments

This item represents payments made to locals as compensations for damages caused to their properties as a result of passing electrical lines through or any other damages to their properties; this account is amortized at 10% annually based on Energy and Mineral Regulatory Commission regulations.

Intangible assets

Intangible assets are classified on the basis of their useful life as definite and indefinite useful lives. Intangible assets with finite lives are amortized over the useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date, impairment is recorded in the consolidated statement of comprehensive income.

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of comprehensive income.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent years.

Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in consolidated statement of comprehensive income.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Projects in progress

Projects in progress are stated at cost, which represents cost of constructions, equipment and direct costs. Projects in progress are not depreciated until they became ready for use.

Investment in an associate

An associate is an entity in which the Company has significant influence, and which is neither a subsidiary nor a joint venture. The Group's investment in its associate is accounted for using the equity method of accounting Under the equity method.

The investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortized. The consolidated statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Inventories

Inventories are valued at cost using the lower of weighted average costing and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Accounts receivable

Accounts receivable are stated at the original invoice amount less amounts estimated to be uncollectible. An estimate for doubtful debts is made when collection is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and at banks.

For the purpose of the preparation of the consolidated statement of cash flows, cash and cash equivalents consist of cash and at banks, net of outstanding bank overdrafts.

Loans

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method (‘EIR’) amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statement of comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

End-of-service indemnity provision

End-of-service indemnity provision is recognized when there are commitments on the Group to pay end of service indemnity to employees. Group is committed only when there is a separate and detailed plan. Provision is calculated based on the number of employees at the consolidated financial statements date and in accordance with the internal policies and IAS 19.

Accounts payable and accruals

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Income Taxes

Income tax expense represents current year income tax and deferred income tax.

Accrued tax expenses are calculated based on taxable income, which may be different from accounting income as it may include tax-exempt income, non-deductible expenses in the current year that are deductible in subsequent years, tax-accepted accumulated losses or tax-deductible items.

Current income tax is calculated based on the tax rates and laws that are applicable at the consolidated statement of financial position date and according to IAS 12.

Deferred income taxation is provided using the liability method on all temporary differences at the consolidated financial statement date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted at the financial position date. The carrying values of deferred income tax assets are reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Revenue recognition

Revenue is recognized in accordance with IFRS 15, which includes the 5 step approach where power sales revenues are recognized when power are consumed by customers and reliably measured.

Revenues are recognized upon rendering services and issuance of invoice.

Dividends from investees are recognized when declared by the general assembly of the investee.

Interest income is recognized as interest accrues using the effective interest rate method.

Rental income from operating leases is recognized on a straight-line basis over the lease term.

Revenues and expenses from rural fils projects are recognized in the same year the projects are completed.

Revenue form excess of subscriber’s payment on completed projects is recognized on straight line basis using annual rate of 4% and its included as other revenues and revenues from non-core activities.

Other revenues are recognized on accrual basis.

Leases

Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

Group as a lessor

Operating lease revenue from investment properties are recognized as rent income in the consolidated statement of comprehensive income on a straight- line basis over the lease term.

Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date.

All differences are taken to the consolidated statement of comprehensive income.

Segments information

For the purpose of reporting to management and the decision makers in the Group, a business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Contingencies

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

A contingent asset is not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefit is possible.

2.5 Significant Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Judgments, estimates and assumptions in the consolidated financial statements are detailed below:

- A provision is booked for accounts receivable based on basis and assumptions approved by the Group's management to estimate the required provision.

- Income tax expense is calculated and charged for the year in accordance with laws and regulation and IFRS. Deferred tax assets and liabilities and income tax provision is calculated accordingly.

- The management periodically reviews the useful lives of property and equipment in order to calculate the annual depreciation expense on the general conditions of the property and equipment and estimate the future useful lives accordingly. Impairment losses of property and equipment are recognized in the consolidated statement of comprehensive income.

- Management derecognises property and equipment based on estimating the net book value of disposed assets.

- Provision for slow-moving items is recognized for inventory items that are not expected to be used for more than three years.

- End-of-services indemnity is calculated based on the Group's internal policies and actuarial studies.

- A provision will be established against court litigations where the Group is the defendant based on a legal study provided by the Group's legal advisor which will determine the risk that may occur. These studies are reviewed periodically, and the provision is adjusted accordingly.

(3) Property and equipment

2023	Land	Buildings and constructions	Underground cables	Transformation stations and network	Subscribers' meters	Telecommunication equipment	Computers	Vehicles	Laboratory equipment	Operating equipment	Tools	Other equipment	Furniture and other equipment	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost -														
At 1 January 2023	4,296,491	15,956,044	60,441,158	260,883,392	48,832,719	17,900,252	17,385,307	14,991,262	3,099	10,344,243	4,378,087	3,824,563	2,988,632	462,225,249
Additions	227,376	237,111	3,257,321	12,012,916	14,599,224	422,703	2,171,902	1,019,790	-	380,665	52,426	223,396	297,114	34,901,944
Transferred from projects in progress (note 5)	-	1,103,062	1,352,764	6,766,436	4,232,145	-	-	-	-	-	-	141,085	251,155	13,846,647
Disposals	-	-	(280,497)	(1,514,810)	(2,518,825)	(5,857)	(126,088)	(289,646)	-	(495,772)	(17,432)	(4,126)	(31,270)	(5,284,323)
At 31 December 2023	4,523,867	17,296,217	64,770,746	278,147,934	65,145,263	18,317,098	19,431,121	15,721,406	3,099	10,229,136	4,413,081	4,184,918	3,505,631	505,689,517
Accumulated Depreciation -														
At 1 January 2023	-	4,200,727	16,336,096	133,483,050	28,521,961	8,521,592	14,518,710	13,336,122	3,097	8,710,084	3,623,766	2,792,181	2,321,493	236,368,879
Depreciation for the year	-	438,920	1,693,452	9,381,273	5,021,596	2,048,366	1,643,938	706,457	-	633,339	104,959	385,953	151,174	22,209,427
Disposals	-	-	(139,622)	(907,543)	(1,529,018)	(5,751)	(114,251)	(279,071)	-	(462,179)	(17,422)	(3,880)	(19,962)	(3,478,699)
At 31 December 2023	-	4,639,647	17,889,926	141,956,780	32,014,539	10,564,207	16,048,397	13,763,508	3,097	8,881,244	3,711,303	3,174,254	2,452,705	255,099,607
Net book value -														
At 31 December 2023	4,523,867	12,656,570	46,880,820	136,191,154	33,130,724	7,752,891	3,382,724	1,957,898	2	1,347,892	701,778	1,010,664	1,052,926	250,589,910

	Land	Buildings and constructions	Underground cables	Transformation stations and network	Subscribers' meters	Telecommunication equipment	Computers	Vehicles	Laboratory equipment	Operating equipment	Tools	Other equipment	Furniture and other equipment	Total
2022	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost -														
At 1 January 2022	4,270,840	15,285,575	56,663,332	247,901,612	42,567,062	17,711,782	16,943,227	14,637,835	3,099	10,504,879	4,265,150	3,488,645	2,888,370	437,131,408
Additions	8,000	68,953	2,181,813	7,801,365	6,315,622	189,646	533,027	353,427	-	201,755	112,937	21,274	117,549	17,905,368
Transferred from projects in progress (note 5)	17,651	601,516	1,895,087	6,418,177	1,199,251	-	-	-	-	-	-	320,448	-	10,452,130
Disposals	-	-	(299,074)	(1,237,762)	(1,249,216)	(1,176)	(90,947)	-	-	(362,391)	-	(5,804)	(17,287)	(3,263,657)
At 31 December 2022	4,296,491	15,956,044	60,441,158	260,883,392	48,832,719	17,900,252	17,385,307	14,991,262	3,099	10,344,243	4,378,087	3,824,563	2,988,632	462,225,249
Accumulated Depreciation -														
At 1 January 2022	-	3,811,117	14,824,158	125,499,816	24,752,307	6,469,112	13,061,944	12,378,771	3,097	8,296,085	3,520,787	2,454,582	2,190,122	217,261,898
Depreciation for the year	-	389,610	1,585,462	8,723,905	4,438,027	2,053,623	1,541,450	957,351	-	713,814	102,979	341,077	142,864	20,990,162
Disposals	-	-	(73,524)	(740,671)	(668,373)	(1,143)	(84,684)	-	-	(299,815)	-	(3,478)	(11,493)	(1,883,181)
At 31 December 2022	-	4,200,727	16,336,096	133,483,050	28,521,961	8,521,592	14,518,710	13,336,122	3,097	8,710,084	3,623,766	2,792,181	2,321,493	236,368,879
Net book value -														
At 31 December 2022	4,296,491	11,755,317	44,105,062	127,400,342	20,310,758	9,378,660	2,866,597	1,655,140	2	1,634,159	754,321	1,032,382	667,139	225,856,370

* Depreciation for the year is distributed as follows:

	2023	2022
	JD	JD
Depreciation in the consolidated statement of comprehensive income	21,875,634	20,655,638
Depreciation of non-core activities (note 31)	333,793	334,524
	22,209,427	20,990,162

(4) Subscribers' and rural fils contribution Assets

	2023	2022
	JD	JD
Cost -		
At 1 January	413,193,416	397,650,872
Transferred from project in progress (note 5)	19,775,631	15,542,544
At 31 December	432,969,047	413,193,416
Accumulated depreciation -		
At 1 January	211,152,861	195,722,816
Depreciation for the year *	15,928,428	15,430,045
At 31 December	227,081,289	211,152,861
Net book value -		
At 31 December	205,887,758	202,040,555

This item represents the infrastructure constructed by the Group to connect customers and rural areas with electricity. The cost of the infrastructure is paid by the customers and the Jordanian Rural Fils Fund Project and is recognised as an asset and a liability in the Group's consolidated statement of financial position.

* Subscribers' and rural fils contribution assets are depreciated at 4% annually and Subscribers and rural fils contributions liabilities are amortized at the same rate, accordingly there is no effect on the consolidated statement of financial position. Details of subscribers and rural fils contributions liabilities are as follows as of 31 December:

	2023	2022
	JD	JD
Subscribers' contributions liabilities	148,187,934	147,794,148
Rural fils contributions liabilities	57,699,824	54,246,407
	205,887,758	202,040,555

(5) Projects in progress

The following represent projects in progress and payments made to contractors by the Group:

	2023	2022
	JD	JD
Self-funded projects	11,462,949	6,044,314
Subscribers' contributions projects	10,665,350	7,755,997
Rural fils contributions projects	8,517,352	8,052,127
	30,645,651	21,852,438

Movement on the project in progress is as follows:

	2023	2022
	JD	JD
At 1 January	21,852,438	18,157,582
Additions (issuances from warehouses)	30,479,774	19,150,664
Capitalized expenses*	11,935,717	10,538,866
Transferred to property and equipment (note 3)	(13,846,647)	(10,452,130)
Transferred to subscribers and rural fils contributions assets (note 4)	(19,775,631)	(15,542,544)
At 31 December	30,645,651	21,852,438

* Details of capitalized expenses on project in progress are as follows:

	2023	2022
	JD	JD
Salaries and other benefits	9,575,872	8,511,474
End-of-service indemnity (note 18)	1,084,821	979,753
Electricity	47,217	46,365
Water	4,115	7,645
Heating	1,470	1,588
Telecommunications	58,512	45,165
Hospitality	12,974	4,996
Perdiem	8,697	14,790
Stationary	51,905	29,199
Cleaning	46,470	31,186
Computer Expenses	61,540	41,841
Vehicles expenses	397,108	403,875
Rent	40,469	20,870
Employees Insurance	17,710	12,374
Others	526,837	387,745
	11,935,717	10,538,866

The cost of completing the remaining parts of projects in progress is estimated at JD 25,125,030 as of 31 December 2023 (2022: JD 18,444,310).

(6) Dispute lawsuits payments

	2023	2022
	JD	JD
Cost -		
At 1 January	**8,334,493**	8,318,070
Payments during the year	**23,514**	16,423
At 31 December	**8,358,007**	8,334,493
Accumulated amortization -		
At 1 January	**8,290,076**	8,271,705
Amortization for the year	**16,620**	18,371
At 31 December	**8,306,696**	8,290,076
Net book value -		
At 31 December	**51,311**	44,417

(7) Long- term loan receivable

This item represents housing loan granted to the Housing Fund employees at Murabaha rate of 2% annually calculated based on Islamic Murabaha. The number of employees who have borrowed are 85 employees up to 31 December 2023 (2022: 98 employees).

(8) Income Tax

Deferred tax assets -

This item represents deferred tax assets resulted from the accumulated losses of all areas (except Aqaba), and end-of-service indemnity provision and other provisions.

Movements on deferred tax assets are as follows:

	2023	2022
	JD	JD
At 1 January	3,642,764	3,063,200
Additions for the year	640,772	579,564
At 31 December	4,283,536	3,642,764

Income tax provision –

Movement on income tax provision is as follows:

	2023	2022
	JD	JD
At 1 January	8,574,434	4,750,990
Income tax for the year	5,849,903	10,025,864
Income tax paid	(10,159,374)	(6,202,420)
At 31 December	4,264,963	8,574,434

The income tax for the year appearing in the consolidated statement of comprehensive income consists of the following:

	2023	2022
	JD	JD
Income tax for the year	5,849,903	10,025,864
Additions from the deferred tax assets	(640,772)	(579,564)
	5,209,131	9,446,300

The table below shows the reconciliation between the accounting profit before income tax and taxable income:

	2023					2022
	IDECO	EDCO	EDCO-Aqaba	Eliminations	Total	Total
	JD	JD	JD	JD	JD	JD
Accounting profit (loss)	13,630,579	(2,595,928)	10,592,808	(5,868,657)	15,758,802	36,934,383
Non-taxable revenues	(1,823,231)	(5,095,678)	(1,287,998)	-	(8,206,907)	(5,699,242)
Non–deductible expenses	6,943,791	2,419,002	533,888	-	9,896,681	9,058,290
Taxable profit (loss)	18,751,139	(5,272,604)	9,838,698	(5,868,657)	17,448,576	40,293,431
Income tax expense for the year	5,062,808	-	787,095		5,849,903	10,025,864
Deduct: Deferred tax assets movements	(640,772)	-	-	-	(640,772)	(579,564)
Income tax expense for the year	4,422,036	-	787,095	-	5,209,131	9,446,300
Statutory income tax rate	27٪	27٪	8٪	-	8% - 27%	8% - 27%
Effective income tax rate	32.44%	-	7,43%	-	33,06%	25,58٪

Income tax provision was calculated for the years ended 31 December 2023 and 2022 in accordance with the income tax law no. (34) for the year 2014 which was implemented on 1 January 2019. The Group is subject to a statutory income tax rate of 24% in addition to a 3% national contribution tax in all the Group's areas except for Aqaba where the income tax was calculated in accordance with Aqaba Special Zone Law with a statutory income tax rate of 5% in addition to a 3% national contribution tax.

Tax Clearance:

Electricity Distribution Company
The Company has obtained the final clearance from Income Tax Department for all years up to 2021. The Company has submitted its tax declaration till 2022. The Income and Sales Tax Department has not reviewed the Company's records up to the date of the consolidated financial statements.

Electricity Distribution Company - Aqaba
The Company has obtained the final clearance from Income Tax Department for all years up to 2021. The Company has submitted its tax declaration for the years 2022. which have not been reviewed by the Income Tax Department up to the date of preparation of the consolidated financial statements.

Irbid District Electricity Company (Subsidiary)
The Company has obtained the final clearance from Income Tax Department for all years up to 2020. The Company has submitted its tax declaration till 2022 and 2021. The Income and Sales Tax Department has not reviewed the Company's records up to the date of the consolidated financial statements.

(9) Intangible Assets

Impairment test for indefinite intangible assets and goodwill

During 2009, the Group has purchased 55.46% share of Irbid District Electricity Company – Public Shareholding Company (the "Subsidiary") which resulted in intangible assets representing the distribution licence which was granted to the Subsidiary to distribute electricity power within the specific assigned area by the licence for 25 years, in the Company's management opinion the licence is renewable based on specific conditions and The Energy and Minerals Regulatory Commission approval. The Company amortizes the license over 17.5 years. Also, goodwill which represents the excess in the amount paid over the fair value of the Subsidiary's assets and liability including distribution licence, for the purpose of impairment test the power distributions was defined as cash generating unit.

Intangible assets represent the following:

	2023			2022
	Electricity power distribution license	Goodwill*	Total	Total
	JD	JD	JD	JD
Cost:				
As at 1 January	26,962,131	980,071	27,942,202	27,942,202
As at 31 December	26,962,131	980,071	27,942,202	27,942,202
Accumulated amortization				
As at 1 January	10,784,851	-	10,784,851	9,244,158
Amortization during the year	1,540,693	-	1,540,693	1,540,693
As at 31 December	12,325,544	-	12,325,544	10,784,851
Net book value	14,636,587	980,071	15,616,658	17,157,351

*Impairment test

As of 31 December 2023, the Group has performed impairment test by calculating the recoverable amount based on the expected cash flows for the next five years which were set out in the estimated financial budgets that prepared by the Group's subsidiary and approved by senior management.

Key assumptions used

Key financial assumptions used by management to determine the cash inflows were as follows:

1. Power electricity distribution revenues: revenue from sale of electricity power is projected by management to decrease by a percentage from 2% to 6% in the next five years as a result of the increase in the demand on the renewable energy.

2. Cost of power distributions: based on distribution agreement, the cost of power purchased is linked to revenue since any changes to the purchase price is often reflected on the selling price. Therefore, management expected that cost of electricity distribution constitutes 84% of revenues, which represents the trend in the historical years.

3. General and administrative expense: general and administrative expenses are projected by the management to increase from 5% to 6% based on historical trends.

Discount rate

The management has applied the discounted cash flow (DCF) method for the next five years, using a weighted average cost of capital (WACC) as the discount rate. The WACC includes both pre-tax cost of debt and cost of equity, resulting in an after-tax WACC of 12%.

Conclusions

Based on the impairment test, the recoverable amount was determined at higher than the book value. Accordingly, no impairment was recorded during the year ended 31 December 2023.

Sensitivity analysis

Group's management is not expecting changes on the basic assumptions which were used in determine of value and leads to impairment in the recoverable amount below book value.

(10) Investment An Associates

This item represents the Group's contributions in the following companies:

Unquoted shares – Local	Activity	Country	Percentage of ownership	2023	2022
			%	JD	JD
Electricity Equipment Industries Company LLC	Manufacturing spare parts for machines and Electricity transformers	Jordan	18.3	1,097,967	951,450
Sama AlMamlaka for Commercial projects and Services	Management consulting services	Jordan	31.1	84,501	-
				1,182,468	951,450

Movement on investment in associates account is as follows:

	2023	2022
	JD	JD
At 1 January	951,450	903,208
Investment in an associate	100,000	-
Group's share from associates' profit	131,018	48,242
At 31 December	1,182,468	951,450

Electrical Equipment Industries Company Limited Liability Company:

This item represents the Group's contribution in the capital of the Electrical Equipment Industries Company LLC, where the company owns 12.03% directly and the subsidiary owns 11.47%.

The following is the movement on investment in this associate:

	2023	2022
	JD	JD
At 1 January	951,450	903,208
Group's share from associate's profit	146,517	48,242
At 31 December	1,097,967	951,450

The below shows summary of Electrical Equipment's Industries Company financial statements:

	2023	2022
	JD	JD
Current assets	8,162,309	4,415,013
Non-current assets	573,970	608,726
Current liabilities	(2,781,610)	(982,842)
Non-current liabilities	(1,290,300)	-
Owners' equity	4,664,369	4,040,897
Group ownership percentage %	23,5٪	23,5%
Actual group ownership percentage %	18,3٪	18,3%
Investment carrying amount	1,097,967	951,450
Revenue	11,456,480	6,079,406
Cost of sales	(10,205,177)	(5,506,425)
Other income, net	(358)	3,671
Administrative expenses	(502,072)	(326,394)
Finance costs	(125,401)	(44,973)
Profit before tax	623,472	205,285
Income tax expense	-	-
Profit for the year	623,472	205,285
Group's share of profit for the year	146,517	48,242

Sama AlMamlaka Company for Commercial Projects and Services:

This item represents the Group's contribution in the capital of Sama AlMamlaka Company for Commercial Projects and Services, where the Company owns 20% directly and the subsidiary owns 20%.

The following is the movement on investment in this associate:

	2023	2022
	JD	JD
At 1 January	-	-
Investment in an associate	100,000	-
Group's share from associate's loss	(15,499)	-
At 31 December	84,501	-

The below shows summary of Sama AlMamlaka Company for Commercial Projects and Services Company financial statements:

	2023	2022
	JD	JD
Assets	249,947	50,000
Liabilities	(42,859)	(4,164)
Owners' equity	207,088	45,836
Group ownership percentage %	40٪	100٪
Actual group ownership percentage %	31٪	55,46٪
Investment carrying amount	84,501	-
Other expenses	(21,143)	-
Administrative expenses	(17,605)	(4,164)
Loss before tax	(38,748)	(4,164)
Income tax expense	-	-
Group's share of loss for the year	(15,499)	-

On 12 July 2023, the Board of Directors of Irbid District Electricity Company – public shareholding Ltd. (a subsidiary) approved the Investment Company of the Kingdom Electricity Company (the parent) to invest in Noor Al Shamal Company for Commercial Projects and Services, which was 100% owned by the Irbid District Electricity Company Public Shareholding Ltd. (a subsidiary).

Following this decision and based on the extraordinary decision of the General Assembly of Noor Al Shamal Company for Commercial Projects and Services in its meeting held on 31 August 2023, it was decided to increase the company's authorized and subscribed capital to become 250,000 JD / share instead of 50,000 JD / share, as the value of the investment of Irbid District Electricity Company in the Company amounting to 50,000 JD / share was retained, constituting 20% of the value of the company's capital. During 2023, the name of Noor Al Shamal Company for Commercial Projects and Services was changed to Sama AlMamlaka for Commercial Projects and Services.

(11) Right of use and Lease Contracts liabilities

Set out below are the carrying amounts for the right-of-use assets and lease contracts liabilities during the year:

	Right of use assets	Lease contracts liabilities*
	JD	JD
At 1 January 2023	335,055	356,816
Depreciation for the year	(100,515)	-
Finance costs	-	22,409
Lease payments	-	(132,000)
At 31 December 2023	234,540	247,225

	Right of use assets	Lease contracts liabilities*
	JD	JD
At 1 January 2022	435,570	458,008
Depreciation for the year	(100,515)	-
Finance costs	-	30,808
Lease payments	-	(132,000)
At 31 December 2022	335,055	356,816

* Details of lease contracts liabilities as at 31 December:

	Short term	Long term	Total
	JD	JD	JD
2023	99,075	148,150	247,225
2022	111,909	244,907	356,816

The Group recognised rent expense from short-term leases and of low-value assets in the consolidated statement of comprehensive income of JD 1,328,645 for the year ended 31 December 2023 (2022: JD 1,184,072).

(12) Inventory

	2023	2022
	JD	JD
Medium and low voltage electrical tools and subscribers' accessories	18,523,318	23,286,844
Tools and vehicles spare parts	232,213	298,017
Stationary, furniture and computers equipment	335,397	516,248
Returned materials*	4,314,391	4,812,386
	23,405,319	28,913,495
Deduct: provision for slow moving inventories*	(3,657,208)	(3,676,566)
	19,748,111	25,236,929
Add: letter of credit and tenders' expenses	864,304	1,125,657
	20,612,415	26,362,586
Strategic inventory**	10,854,855	17,317,012
Inventory	9,757,560	9,045,574
	20,612,415	26,362,586

* The provision for slow moving inventories includes the value of all returned materials at 31 December.

Movement on the provision for slow moving inventories is as follows:

	2023	2022
	JD	JD
At 1 January	3,676,566	3,123,606
Provision for the year	632,624	1,042,856
Items written-off during the year	(651,982)	(238,860)
Reversal of provision no longer needed	-	(251,036)
At 31 December	3,657,208	3,676,566

** Strategic inventory consists of medium and low voltage material and other parts used in the Company’s projects, maintenance operations, and replacements.

(13) Accounts Receivable

	2023	2022
	JD	JD
Normal subscribers’ receivables	153,496,844	170,314,023
Water Authority and Meyahuna receivables	36,183,430	66,367,020
Governmental departments receivables	16,424,886	26,769,424
Municipality receivables – Street lighting	13,246,531	11,097,157
Late interest receivables *	11,543,776	10,484,279
	230,895,467	285,031,903
Provision for excepted credit losses/ Allowance for doubtful debts	(24,584,129)	(22,792,855)
	206,311,338	262,239,048

* This amount represents interest on subscribers (Government and large companies) for power electricity sold and not collected in accordance with electricity tariff. Interest is calculated on accrued amount for more than 30 days from issuing the bill at 1% monthly with cap of 9% yearly on the due amount.

As of 31 December, the aging of unimpaired accounts receivable is as follows:

		Past due but not impaired			
	Neither past due nor impaired	1-90 days	91 – 120 days	> 120 days	Total
	JD	JD	JD	JD	JD
2023	82,880,676	29,238,150	4,904,223	89,288,289	206,311,338
2022	92,173,962	41,062,375	9,703,192	119,299,519	262,239,048

Based on the Group's management estimations, unimpaired receivables are expected to be fully recoverable. The Group obtains cash margins against these receivables.

*Movement on the expected credit losses/ allowance for doubtful accounts is as follows:

	2023	2022
	JD	JD
At 1 January	22,792,855	20,399,328
Provision for the year **	1,791,776	2,393,890
Written – off during the year	(502)	(363)
At 31 December	24,584,129	22,792,855

** The Company has not applied International Financial Reporting Standard No. (9) with regard to the requirements of recording expected credit losses on the Company's receivables that are applicable starting from 1 January 2018, since the Electricity Distribution Company operates under a license issued by the Energy & Minerals Regulatory Commission (EMRC), and accordingly, the EMRC is the authority authorized to approve the operating and capital expenditure allocations for the Company, considering these expenditures are the basis for determining the electric tariff, whether the tariff for purchasing energy from the National Electric Power Company or the tariff for selling to the final consumer. Management of the Electricity Distribution Company requested the EMRC to calculate the value of the increase resulting from the application of the standard to be added to the allowance for doubtful accounts, and to consider that expense within the electric tariff accounts, but the EMRC in its letter No. (3/2/10550) dated 20 October 2021 extended the Company's exemption from the application of IFRS 9 for the electricity tariff period (2022-2023), provided that the possibility of applying this standard will be reviewed after the end of the above-mentioned period.

(14) Other Current Assets

	2023	2022
	JD	JD
Cheques under collection	4,187,683	5,039,599
Debit balances – Funds	3,979,334	3,931,183
Rural Fils projects	30,192	64,373
Receivables – Housing Fund	4,497	161,957
Prepaid expenses	974,163	1,212,724
Refundable checks	2,779,391	3,138,959
Others	5,514,724	5,126,213
	17,469,984	18,675,008
Provision for doubtful debts	(2,384,375)	(2,379,949)
	15,085,609	16,295,059

Movement on the provision for doubtful debts is as follows:

	2023	2022
	JD	JD
At 1 January	2,379,949	2,093,240
Provision for the year	4,426	291,209
Recovered from provision during the year	-	(4,500)
At 31 December	2,384,375	2,379,949

(15) Cash and Bank balances

Cash and bank balances in the consolidated statement of financial position comprise of the following:

	2023	2022
	JD	JD
Cash on hand	86,880	56,888
Current accounts at banks	4,540,679	20,469,525
Short-term deposits with maturity 3-months to one year*	35,000,000	20,000,000
	39,627,559	40,526,413

*This item represents deposits with a local bank in Jordanian dinars maturing over a period of more than three months and up to a year and with an interest rate between (5,65 – 7,20%) (2022: 6,25%).

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	2023	2022
	JD	JD
Cash on hand and at banks	39,627,559	40,526,413
Short-term deposits with maturity 3-months to year	(35,000,000)	(20,000,000)
Due to banks (note 22)	(88,169,974)	(42,576,170)
	(83,542,415)	(22,049,757)

(16) Owners Equity

Paid-in capital -

The Company's authorized, subscribed and, paid-in-capital consist of 14,000,000 shares with JD 1 par value per share.

The General Assembly decided in its extraordinary meeting on 12 April 2023 to increase the Company's capital by an amount of JD 2,000,000 by capitalizing the excess amount from the balance of retained earnings so that the Company's capital becomes JD 14,000,000. The capital increase procedures at the Companies Control Department were completed on 4 June 2023.

The General Assembly of the subsidiary company (Irbid District Electricity Company) decided in its extraordinary meeting on 9 April 2023 to increase the Company's capital by JD 4,000,000 by capitalizing the excess amount from the balance of retained earnings so that the company's capital becomes JD 14,000,000.

Statutory reserve -

As required by the Jordanian Companies Law, 10% of the annual profit before income tax is to be transferred to statutory reserve. The reserve is not available for distribution to shareholders. The Company may stop transferring to statutory reserve when its balance reaches 25% of the authorized share capital.

Voluntary reserve -

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of the annual profit before income tax. This reserve is available for distribution to shareholders.

Dividends -
2023-

The General Assembly approved in its ordinary meeting held on 12 April 2023 to distribute an amount of JD 9,000,000 as dividends to shareholders for the profits of 2022 representing 75% of the Company's share capital on the meeting date.

The General Assembly of the subsidiary (Irbid District Electricity Company) approved in its ordinary meeting held on 9 April 2023 to distribute an amount of JD 7,500,000 as dividends to shareholders for the profits of 2022 representing 75% of the Company's share capital on the meeting date, and the share of non-controlling interest amounted to JD 3,340,500.

2022-

The General Assembly approved in its ordinary meeting held on 17 April 2022 the recommendation of the Board of Directors to distribute an amount of JD 7,500,000 as dividends to shareholders for the profits of 2021 representing 60% of the Company's share capital on the meeting date.

The General Assembly of the subsidiary (Irbid District Electricity Company) approved in its ordinary meeting held on 10 April 2022 to distribute an amount of JD 6,000,000 as dividends to shareholders for the profits of 2021 representing 60% of the Company's share capital on the meeting date, and the share of non-controlling interest amounted to JD 2,672,400.

(17) Advances from subscribers

This item represents advances received from subscribers to construct the subscribers' contribution projects; upon completion of the project the Group settles these advances into subscribers' contribution liabilities and excess of subscribers' contributions.items.

(18) Provision For End-of-service indemnity

Movement on the provision for end-of-service indemnity is as follows:

	2023	2022
	JD	JD
At 1 January	22,154,565	18,508,216
Charged for the year (note 29)	3,986,558	4,172,180
Capitalized on projects in progress (note 5)	1,084,821	979,753
Expenses charged to salaries and wages	110,599	-
Expenses allocated to factory of poles	59,022	60,497
End-of- service indemnity paid	(3,474,589)	(1,566,081)
At 31 December	23,920,976	22,154,565

The details for the end of service indemnity provision charged for the year and capitalized to projects under progress is as follows:

	2023	2022
	JD	JD
Interest on obligations	2,838,552	2,174,753
Current service costs	2,402,448	3,037,677
	5,241,000	5,212,430

End-of-service indemnity was distributed as follows:

	2023	2022
	JD	JD
General and administrative expenses (note 29)	3,986,558	4,172,180
Capitalized on projects in progress (note 5)	1,084,821	979,753
Expenses charged to salaries and wages	110,599	-
Transferred to poles factory costs	59,022	60,497
	5,241,000	5,212,430

The principal actuarial assumptions used to determine the end-of-service indemnity provision is as follows:

	2023	2022
Discount rate	5,7%	5,2٪
Mortality rate	0,19٪	0,19٪
Annual increase in salaries rate	5,5%	5,1٪
Resignation rate	2%	2٪
Group's social security contribution deducted from employee's end of service indemnity	8%	8٪

The following schedule illustrates the possible changes in the current end-of-service indemnity value as of 31 December, due to changes by 1% in the discount rate, the salaries increase rate and resignation rate:

Increase by 1% in the rate	Effect on the current value of the end of service indemnity provision	
	2023	2022
	JD	JD
Discount	(3,055,828)	(2,917,221)
Increase in salaries	4,510,855	5,368,910
Resignations	1,221,769	1,623,094

Decrease by 1% in the rate	Effect on the current value of the end of service indemnity provision	
	2023	2022
	JD	JD
Discount	3,665,561	3,765,560
Increase in salaries	(3,345,419)	(3,907,339)
Resignations	(1,221,769)	(1,623,094)

(19) Excess Of Subscribers Contribution

This item represents the difference between the amount received from subscribers, contributions and the actual cost incurred to complete these projects. The Group amortizes this amount at 4% annually. Movement on this item is as follows:

	2023	2022
	JD	JD
Excess of subscribers' contribution -		
At 1 January	24,621,089	24,621,089
At 31 December	24,621,089	24,621,089
Accumulated amortization of excess of subscribers' contribution -		
At 1 January	19,897,274	19,011,533
Amortization for the year *	807,619	885,741
At 31 December	20,704,893	19,897,274
Net book value		
At 31 December	3,916,196	4,723,815
Current portion of subscription contribution	807,619	807,619
Non-current subscription contribution	3,108,577	3,916,196
	3,916,196	4,723,815

* Excess of subscribers' contribution amortization is transferred to revenues from non-core activities.

(20) Subscribers' deposits

This item represents the amount received from the subscribers as cash deposits for electricity power supply based on Energy and Minerals Regulator Commission regulations.

(21) Loans

This item represents long term loans granted from the following banks:

		Loan instalments					
		2023			2022		
	Currency	Short term	Long term	Total	Short term	Long term	Total
		JD	JD	JD	JD	JD	JD
Housing bank	JOD	6,000,000	6,000,000	12,000,000	6,000,000	10,000,000	16,000,000
Jordan Kuwait bank	JOD	-	-	-	1,555,555	17,111,115	18,666,670
Jordan Islamic Bank	JOD	3,600,000	14,400,000	18,000,000	-	-	-
Short term loans	JOD	29,802,042	-	29,802,042	30,286,473	-	30,286,473
		39,402,042	20,400,000	59,802,042	37,842,028	27,111,115	64,953,143

Housing bank - JD

On 24 November 2015, Electricity Distribution Company singed a loan agreement with the Housing Bank for Trade and Finance for an amount and ceiling of JD 40,000,000 including a grace period of one year. This loan bears an interest rate ranging from 5% to 5.4% or Prime Lending Rate (PLR) minus 3%, whichever is lower for the first five years of the loan term and PLR minus 3% and a minimum of 5.25% per annum from the sixth year of the loan term until the end of the repayment period. The loan is repayable over 20 equal semi-annual instalments. Interest is paid every six months. The interest rate has been adjusted to 5.75% with a fixed rate for one year from 1 September 2022, and the interest rate has been adjusted to 7.75% with a fixed rate for six months from 1 September 2023, noting that it will be reinstated at an interest rate of 5.75% on 1 March 2024.

Jordan Kuwait bank – JD

During May 2015, Irbid District Electricity Company (subsidiary) signed a loan agreement with Jordan Kuwait Bank amounting to JD 28,000,000 including a grace period of three years from the date of first withdrawal for the purpose of financing the Company working capital projects and its operations. The entire loan was utilized during 2015. The loan is repayable over 18 semi-annual instalments of JD 1,555,555 each. The loan bears an interest rate similar to interest rate applicable on the Central Bank of Jordan deposits plus 2.65% margin ratio with a minimum gross interest rate of 5.3% per annum.

During 2021, Irbid District Electricity Company (a subsidiary) signed a structuring agreement for the loan, where the Company was granted a three-year grace period for instalments only without interest as of 17 January 2021. The loan is repaid under 12 semi-annual instalments of JOD 1,555,555 for the instalment, except for the last instalment of JOD 1,555,565, with the first payment due on 3 December 2022. During November 2023, Irbid District Electricity Company (a subsidiary) paid the full amount of the loan.

Jordan Islamic Bank – JD

During 2023, Irbid District Electricity Company (a subsidiary) signed a loan agreement with Jordan Islamic Bank in the amount of JOD 18,000,000 with a profit rate of JD 3,150,000 and a Murabaha rate of 3.5%. The loan is repaid in 10 semi-annual instalments of JD 1,800,000 per instalment, so that the first instalment is due in May 2024 and the last instalment is due in November 2028, so the total value of the loan with Murabaha is equal to JD 21,150,000.

The annual payments and maturities for long-term loan instalments are as follows:

Year	Amount
	JD
2025	7,600,000
2026	5,600,000
2027-2028	7,200,000
	20,400,000

Short-term loan

Jordan Islamic Bank – JD

The Electricity Distribution Company signed an agreement for the supply of electric power (financing the prices of electric power) with Jordan Islamic Bank to pay part of the electricity purchase bill from the National Electric Power Company with a credit limit including profit of JD 31,000,000 against an agreed annual profit rate of 6.2% (2022: 4.3%). The full loan amount will be repaid during 2024.

The details of this item are as follows:

	2023	2022
	JD	JD
Murabaha Financing	31,000,000	31,000,000
Deferred Murabaha	(1,197,958)	(713,527)
Net Murabaha Financing	29,802,042	30,286,473

(22) Due To Banks

This item refers to the credit facilities provided to the Group by several local banks, with a maximum credit limit of JD 138,000,000 and an average annual interest rate of 6.86% (2022: the credit facilities provided to the Group by several local banks, with a maximum credit limit of JD 119,000,000 and an average annual interest rate of 6%).

(23) Accounts Payable

	2023	2022
	JD	JD
National Electricity Power Company - energy purchased	132,469,056	220,935,391
National Electricity Power Company - interests on late payment	7,884,869	6,601,580
National Electric Power Company – network services and privatization	3,594,938	-
Rural Fils deposits	5,666,811	6,068,256
Central Electricity Generating Company	749,604	153,450
Television fees deposits	5,659,838	5,667,096
Garbage deposits	12,145,975	11,329,089
Suppliers payables	18,395,082	17,106,301
Others	8,129,770	4,275,558
	194,695,943	272,136,721

(24) Accrued Expenses And Other Current Liabilities

	2023	2022
	JD	JD
Governmental and other deposits	2,532,876	2,989,600
Energy price received in advance	34,262	38,683
Notes payable	1,308,912	1,024,208
Accrued expenses	8,059,352	6,042,309
Accrued bank interest	439,327	447,287
Contractors' retentions	519,037	503,295
Dividends payable	910,921	689,131
Board of directors' remuneration	88,182	88,333
Payables – Funds	7,943,292	7,469,492
Others	302,934	361,102
	22,139,095	19,653,440

(25) Other Provisions

Provisions included in the consolidated statement of financial position are as follows:

	2023				2022
	Vacation provision	Social services provision	Lawsuits provision	Total	Total
	JD	JD	JD	JD	JD
At 1 January	2,244,067	260	438,741	2,683,068	2,842,838
Charged during the year	249,187	1,911	448,194	699,292	423,927
Paid during the year	(196,105)	-	-	(196,105)	(583,697)
At 31 December	2,297,149	2,171	886,935	3,186,255	2,683,068

(26) Basic and Diluted Earnings Per Share

	2023	2022
Profit attributable to the owners of the parent (JD)	7,104,419	18,941,452
Weighted average number of shares (Share)	14,000,000	14,000,000
	JD/ Fils	JD/ Fils
Basic earnings per share attributable to owners of the parent	0/507	1/353

The basic and diluted earnings per share are equal.

(27) Gross Profit

Electricity power sales represent sales to all subscribers and cost of electricity power sales represents the cost of electricity power purchases from National Electricity Power Company and other renewable energy resources.

The sales tariff price is determined by the Energy & Minerals Regulatory Commission (EMRC), The sales tariff for any of the sectors during 2023 was not adjusted for the Electricity Distribution Company and the sales tariff was adjusted by decrease for some sectors related to the privatization agreements as of February 2023 for the Irbid Electricity Company (the subsidiary).

The purchase tariff for the Electricity Distribution Company is determined by the Energy and Minerals Regulatory Authority, where the purchase tariff was adjusted by a reduction in March, July, October and November 2023.

The purchase tariff for Irbid District Electricity Company (a subsidiary) has been increased during March, July and October for the year 2023.

(28) Other Operating Revenue, net

	2023	2022
	JD	JD
Electricity power subscription and connection fees	3,148,886	2,172,669
Meters fees	3,029,433	2,913,574
Loss from rural electrification projects	(3,089,667)	(1,874,594)
Amortization of deferred revenues after 2 July 2008	(2,566,592)	(3,149,247)
Grid service fees / renewable energy	723,388	1,167,905
Others	690,122	654,170
	1,935,570	1,884,477

(29) General And Administrative Expense

	2023	2022
	JD	JD
Salaries, wages and others	15,776,055	15,050,092
Employees' benefits	4,657,481	4,601,280
End-of-service indemnity (note 18)	3,986,558	4,172,180
Subscribers' services expense	15,740,412	15,607,084
Employees' vacation provisions	211,667	207,682
Electricity, water and heating expense	493,377	632,259
Vehicles expense	2,368,029	2,296,301
Mail, phone and fax expense	295,935	305,091
Smart meters expenses	974,723	459,696
Hospitality and cleaning expense	434,072	447,652
Per diem and transportation expense	752,947	737,965
Expenses and daily expenses of the judicial police	174,009	124,670
Stationary and printing	384,759	331,696
Stamps	690,136	592,702
Licenses and Government fees	1,428,306	1,126,243
Remuneration and incentives for different committees	1,062,076	1,060,753
Professional fees	1,746,990	1,454,384
Guardianship expense	1,143,505	1,017,596
Training expense	146,595	138,519
Computer expense	683,533	723,983
Insurance expense	686,590	559,027
Maintenance expense	10,494,609	10,822,182
Judicial compensation allowance	448,194	177,666
Commission for collecting electricity bills	662,523	527,002
Others	1,087,319	809,925
Transferred to non-core activities in accordance with tariff (note 31)	(931,561)	(706,054)
	65,598,839	63,277,576

(30) Revenue from Non – Core Activities

	2023	2022
	JD	JD
Poles factory net revenue	2,129,192	1,907,531
Amortization of deferred revenue up to 2 July 2008	807,619	885,741
Revenues from television fees collections	505,652	486,171
Revenues from garbage fees collections	2,358,502	2,263,862
Tenders' revenue	84,815	72,075
Late payment penalties revenues	554,433	493,413
Poles leases revenues	680,751	1,143,966
Gain on sale of damaged goods (property and equipment)	1,150,717	37,065
Damage compensation revenue received	192,668	223,157
Others	2,147,340	2,165,497
	10,611,689	9,678,478

(31) Cost of Non – Core Activities

	2023	2022
	JD	JD
Loss on sale of property and equipment	13,491	1,351
Street lighting maintenance	118,001	12,531
Non-core activities in accordance with tariff (note 29)	931,561	706,054
Board of directors' remuneration	35,000	35,000
Board of directors' expenses	258,259	253,598
Non-core activities incentives	120,000	90,000
Depreciation of non-core activities assets (note 3)	333,793	334,524
Others	957,302	691,776
	2,767,407	2,124,834

(32) Segmentation Reports

The main segments were classified and presented based on their substantial influence on the Group's risks and benefits. Each segment is treated as an independent unit and managed separately, aligned with the specific nature of the services provided. Measurement of these segments is performed using reports utilised by the Group's CEO and decision-makers.

For the year ended 31 December 2023	Jordan Valley & Eastern Area	Tafyleh	Al-Karak	Ma'an	Aqaba	Poles Factory	IDECO	Unallocated	Total	Elimination	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Revenues-											
Electricity power sales	108,944,709	14,241,819	52,336,082	48,870,578	74,399,435	-	283,205,668	-	581,998,291	-	581,998,291
Other operating revenue	(61,766)	(166,710)	(97,256)	(455,227)	929,715	-	1,786,814	-	1,935,570	-	1,935,570
Other non- operating revenue	310,563	29,071	103,029	109,147	2,141,689	2,129,192	4,310,194	5,937,785	15,070,670	(4,458,981)	10,611,689
Total revenue	109,193,506	14,104,180	52,341,855	48,524,498	77,470,839	2,129,192	289,302,676	5,937,785	599,004,531	(4,458,981)	594,545,550
Operation result -											
Segment profit (loss)	3,207,727	(350,650)	1,927,639	1,482,147	9,845,108	2,129,192	9,208,542	(11,031,377)	16,418,328	(5,868,657)	10,549,671
Other information -											
Depreciation and amortization	1,881,567	821,903	1,572,614	1,169,847	1,634,477	-	12,352,376	2,459,470	21,892,254	-	21,892,254
Provision for expected credit losses and doubtful debts	-	-	-	-	216,287	-	957,883	622,032	1,796,202	-	1,796,202
Finance Costs and interest expense on late payment	-	-	-	-	1,375,570	-	7,579,584	3,956,098	12,911,252	-	12,911,252
Interest income and interest income on late payment	-	-	-	-	353,539	-	6,456,040	1,082,716	7,892,295	-	7,892,295
Group's share from associates' profit	-	-	-	-	-	-	-	131,018	131,018	-	131,018
As of 31 December 2023											
Segment's assets and liability -											
Segment assets	60,481,236	21,034,657	37,540,172	33,387,583	62,234,537	5,022,018	390,428,450	190,182,272	800,310,925	(8,842,797)	791,468,128
Segment liabilities	47,614,606	13,037,655	25,356,232	24,586,781	59,378,862	-	351,581,199	204,970,721	726,526,056	(694,490)	725,831,566
Investment in associates	-	-	-	-	-	-	336,719	350,781	687,500	494,968	1,182,468

For the year ended 31 December 2022	Jordan Valley & Eastern Area	Tafyleh	Al-Karak	Ma'an	Aqaba	Poles Factory	IDECO	Unallocated	Total	Elimination	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Revenues-											
Electricity power sales	109,213,460	14,432,316	51,520,044	47,280,424	78,584,437	-	282,888,406	-	583,919,087	-	583,919,087
Other operating revenue	121,265	(138,344)	(54,515)	(10,637)	328,325	-	1,638,383	-	1,884,477	-	1,884,477
Other non- operating revenue	310,563	29,071	103,029	109,147	1,546,572	1,907,531	4,999,441	4,143,578	13,148,932	(3,470,454)	9,678,478
Total revenue	109,645,288	14,323,043	51,568,558	47,378,934	80,459,334	1,907,531	289,526,230	4,143,578	598,952,496	(3,470,454)	595,482,042
Operation result -											
Segment profit (loss)	4,861,213	(321,502)	2,108,520	707,338	14,683,418	1,907,531	20,701,648	(12,197,177)	32,450,989	(4,962,906)	27,488,083
Other information -											
Depreciation and amortization	1,733,696	767,939	1,470,594	1,102,593	1,473,895	-	11,604,370	2,520,922	20,674,009	-	20,674,009
Provision for expected credit losses and doubtful debts	-	-	-	-	523,274	-	656,905	1,504,920	2,685,099	-	2,685,099
Finance costs and interest expense on late payment	-	-	-	-	2,140,169	-	7,351,888	6,155,059	15,647,116	-	15,647,116
Interest income and interest income on late payment	-	-	-	-	1,301,984	-	5,157,437	3,776,032	10,235,453	-	10,235,453
Group's share from an associate's profit	-	-	-	-	-	-	-	48,242	48,242	-	48,242
As of 31 December 2022											
Segment's assets and liability -											
Segment assets	57,571,509	20,056,105	34,385,783	31,997,918	56,054,328	5,151,300	395,678,017	224,886,039	825,780,999	(7,133,638)	818,647,361
Segment liabilities	47,091,041	12,954,436	25,165,312	23,272,935	57,811,227	-	358,539,311	227,080,197	751,914,459	(694,489)	751,219,970
Investment in an associate	-	-	-	-	-	-	286,719	300,781	587,500	363,950	951,450

(33) Related Parties Transactions

The consolidated financial statements consist of the financial statements of the Company and the following subsidiary:

	Paid in capital	Principal activities	Ownership
	JD		%
Irbid District Electricity Company PSC	14,000,000	Electricity power distributions	55.46

Related parties represent subsidiaries, associates, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

Related parties' transactions included in the consolidated statement of financial position:

Amount due to a related party:

	2023	2022
	JD	JD
Electricity Equipment Industries Company (Associate)	*537,061*	145,269

The following represents transactions with related parties included in the consolidated statement of comprehensive income:

	2023	2022
	JD	JD
Purchases from Electricity Equipment Industries Company (Associate)	*4,795,054*	1,114,083

Following is a summary of the benefits (salaries, bonuses and other benefits) of the group's senior executive management:

	2023	2022
	JD	JD
Salaries and other benefits	1,355,600	1,377,843
Board of Directors transportations and remuneration	497,259	496,400

(34) Partially Owned Subsidiaries

Below are the financial statements for Irbid Electricity Distribution Company before the elimination transactions and balances between the Company's entities which includes non – controlling interest:

	2023	2022
Group ownership percentage	55.46%	55.46%
Country of incorporation and operation	Jordan	Jordan

	2023	2022
	JD	JD
Cumulative non – controlling interest balance	25,860,942	23,974,590
Non – controlling interest share of profit	3,445,252	8,546,631
Summary statement of financial position:		
Current assets	124,357,785	147,590,938
Non-current assets	266,070,665	248,087,082
Current liabilities	(162,568,643)	(176,422,440)
Non-current liabilities	(189,012,556)	(182,116,872)
Owners' equity	38,847,251	37,138,708
Attributable to:		
Parent shareholders	21,544,685	20,597,128
Non-controlling interests	17,302,566	16,541,580
Summary of statement of comprehensive income:		
Revenues	283,205,668	282,888,406
Expenses	(229,113,657)	(215,826,056)
Other revenues	12,553,048	11,795,261
Other expenses	(53,014,480)	(49,972,775)
Profit before tax	**13,630,579**	**28,884,836**
Income tax expense	(4,422,036)	(8,183,188)
Profit of the year	**9,208,543**	**20,701,648**
Total comprehensive income	9,208,543	20,701,648
Attributable to non – controlling interests	3,445,252	8,546,631
Dividends distributed to non – controlling interests	(3,340,500)	(2,672,400)
Summary of statement of cash flow:		
Operating activities	2,116,529	103,828,857
Investing activities	(46,907,416)	(48,500,494)
Financing activities	(11,480,484)	(8,981,718)
Net (decrease) increase in cash and cash equivalent	(56,271,371)	46,346,645

(35) CONTINGENT LIABILITIES

Bank guarantees and letters of credit -

As of the date the consolidated financial statements, the Group had outstanding bank guarantees and letters of credit of JD 3,927,887 (2022: JD 3,544,087).

Lawsuits-

The Group is a defendant in a number of lawsuits in the ordinary course of business represents lawsuits and legal claims amounting to JD 1,721,436 (2022: JD 1,114,676). The Group's management and its legal advisor believe that the provision taken against these claims is adequate to meet any obligations that may arise and there is no need to book an additional provision.

Irbid District Electricity Company (a subsidiary) dispute with the National Electricity Company

National Electric Power Company (IDECO power provider) has requested Irbid District Electricity Company (a subsidiary) to pay an amount of JD 717,357. This amount represents the interest charged on late payments. Irbid District Electricity Company, along with its legal counsel, is of the opinion that they have no obligations regarding this amount, as it adheres to the electricity Tariff (Wholesale Tariff) issued by the Energy & Minerals Regulatory Commission (EMRC), which should be applicable to both parties.

Capital Commitments –

The cost to finish the uncompleted part of the projects in progress is estimated to be JD 25,125,030 as of 31 December 2023. (2022: JD 18,444,310).

(36) RISK MANAGEMENT

Interest rate risk

The Group is exposed to interest rate risk on its interest-bearing assets and liabilities such as loan receivable, bank deposits, due to banks and loans.

The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on financial assets and liabilities bearing floating interest rates.

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

2023 -	Increase in Interest Rate (Basis Points)	Effect on profit for the year JD
JD	50	(746,557)

2022 -	Increase in Interest Rate (Basis Points)	Effect on profit for the year JD
JD	50	(544,366)

The effect of decrease in interest rate is expected to be equal and opposite to the effect of the increase shown above.

Credit risk

Credit risk is the risk that may result from the failure or inability of debtors and other parties to meet their obligations towards the Group.

The Group believes that it is not highly exposed to credit risk as it sets a credit limit for customers while monitoring outstanding receivables on an ongoing basis. The Group also maintains balances and deposits with leading banking institutions.

Government receivables represents 44% of total receivables as of 31 December 2023 (2022: 65%). The Group provides services to a large volume of customers.

Liquidity risk

Liquidity risk represents the inability of the Group to pay its liabilities when accrued.

The Group limits its liquidity risk by ensuring bank facilities are available.

The table below summarises the maturities of the Group's (undiscounted) financial liabilities based on contractual payment dates and market interest rate.

At 31 December 2023	On demand	1 to 12 months	1 to 5 years	> 5 years	Total
	JD	JD	JD	JD	JD
Due to banks	*90,546,477*	-	-	-	*90,546,477*
Accounts payable	-	*194,695,943*	-	-	*194,695,943*
Accrued and other liabilities	-	*22,139,095*	-	-	*22,139,095*
Subscribers' deposits	*90,838,273*	-	-	-	*90,838,273*
Loans	-	*43,527,000*	*23,295,000*	-	*66,822,000*
Lease Liabilities	-	*112,387*	*151,613*	-	*264,000*
Total	*181,384,750*	*260,474,425*	*23,446,613*	-	*465,305,788*

At 31 December 2022	On demand	1 to 12 months	1 to 5 years	> 5 years	Total
	JD	JD	JD	JD	JD
Due to banks	41,680,609	-	-	-	41,680,609
Accounts payable	-	272,136,721	-	-	272,136,721
Accrued and other liabilities	-	19,653,440	-	-	19,653,440
Subscribers' deposits	85,455,957	-	-	-	85,455,957
Loans	-	40,976,598	29,606,208	1,693,751	72,276,557
Lease Liabilities	-	132,000	264,000	-	396,000
Total	127,136,566	332,898,759	29,870,208	1,693,751	491,599,284

Currency risk

Most of the Group's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar exchange rate is fixed against USD (US$ 1.41 for JD 1), so the impact of currency risk is not material to the consolidated financial statements.

(37) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash, bank deposits and bank balances, accounts receivable and some other current assets. Financial liabilities consist of accounts payable, loans, due to banks, leases, and some other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

(38) CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.

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

Capital comprises of paid-in capital, statutory reserve, voluntary reserve and retained earnings, and is measured at JD 39,775,620 as of 31 December 2023 (2022: JD 43,452,801).

(39) STANDARD ISSUED BUT NOT YET EFFECTIVE

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

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

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

The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

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

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

The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

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

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

The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

(40) COMPARATIVE FIGURES

Some of the consolidated financial statement figures for the year 2022 have been reclassified to match the classification of the consolidated financial statement figures for the year 2023. The reclassification did not result in any impact on profit and equity for 2022.