



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 Jordan Phosphate Mines Company – Public Shareholding Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Jordan Phosphate Mines Company – Public Shareholding Company** (the "Company"), and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated income statement, 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 material accounting policy information.

In our opinion, 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 International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the 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 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 matters below, provide the basis for our audit opinion on the accompanying Consolidated financial statements.

1. Revenue recognition	
Refer to note 22 on the consolidated financial statements related to revenues disclosure	
Key audit matter	How the key audit matter was addressed in the audit
<p>The Group focuses on revenue as one of its main performance measures, and given the importance of the amounts and the geographical diversity of the Group’s operations and the ease with which these revenues are exposed to the risks of overstatement in value and fraud, we consider the revenue recognition as a key audit matter.</p> <p>Revenues are recognized when the Group meets the performance obligations in accordance with the contracts signed with customers when the goods are sold to customers and the invoice is issued, which usually occurred at a specific point in time.</p>	<p>The audit procedures included an assessment of the Group’s accounting policies for revenue recognition in accordance with the International Financial Reporting Standards. We also tested the Group’s controls around revenue recognition and key controls within the revenue cycle.</p> <p>We have tested the accuracy of revenue recognition by selecting a sample of sales invoices and match them with contracts and selling prices agreed upon.</p> <p>We have tested a sample of revenues journal entries recorded during the year based on predetermined standards.</p> <p>We have selected a sample of revenues before and after year-end to ensure proper recording in the proper period.</p> <p>We have also performed detailed revenue analysis using financial and non-financial information.</p>

2. Provisions for employees' benefits	
Refer to note 16 on the consolidated financial statements related to employees' benefit provision disclosure	
<p>Key audit matter</p> <p>The Group has different employee benefit plans such as defined contribution plans whereas the Group's financial obligations are limited to the Company's share of contribution or defined benefit plans "Death and Compensation fund".</p> <p>The measurement of the Death and Compensation fund provision is considered a key audit matter because the balance as of 31 December 2023 amounting to JD 80,578 thousand is material to the consolidated financial statements.</p> <p>Furthermore, measuring the defined benefit obligations plans liability using the projected unit credit method requires used certain assumptions related to the present value of future expected payments and the actuarial assumptions related to the resignation rates, salary increase rates and discount rates. Whereas the calculation of the defined benefit obligations plans liability is performed in accordance with actuarial studies as required by International Accounting Standards (IAS 19) "Employees benefits".</p>	<p>How the key audit matter was addressed in the audit</p> <p>The audit procedures included an assessment of the accounting policies followed by the Group to recognize liabilities. Moreover, we involved our valuation experts to assist us in evaluating the assumptions and methodologies used by the actuarial expert, specifically those related to discount rates, resignation rates, salary increase rates and mortality rates. Nevertheless, we have assessed the extent of the independence and the qualification of the actuarial expert.</p> <p>We tested the accuracy of the assumptions and information used in the calculation of the employees' benefits liabilities by taking a sample of employees' contracts and payroll slips.</p> <p>We evaluated the sufficiency of disclosures made by the Group regarding assumptions used in the measurement of these liabilities in accordance with International Accounting Standards (IAS 19).</p>

Other information included in the Group's 2023 annual report

Other information consists of the information included in the Group's 2023 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 our audit report of the consolidated financial statements. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the 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 exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.



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Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounting which are in agreement with the consolidated financial statements.

The partner in charge of the audit resulting in this auditor's report was Ali Hasan Samara; license number 503.

Amman – Jordan
28 March 2024

JORDAN PHOSPHATE MINES COMPANY PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(In Thousands of Jordanian Dinars)

	Notes	2023	2022
ASSETS			
Non-current assets			
Property, plant, and equipment	3A	239,700	231,823
Projects in progress	4	14,785	10,144
Investments in associates and joint ventures	5	335,579	365,127
Intangible assets	6	122,015	128,812
Deferred tax assets	21	30,059	38,890
Employees' housing loans	7	5,100	5,346
Financial assets at fair value through other comprehensive income	8	304	385
Long term loans receivable	9	6,442	6,442
Long term accounts receivable	11	2,521	2,521
Long term other current assets	12	4,660	6,560
Right-of-use assets	3B	35,683	53,023
		<u>796,848</u>	<u>849,073</u>
Current assets			
Inventories, spare parts and supplies	10	166,362	197,654
Short term accounts receivable	11	123,272	121,652
Other short term current assets	12	79,907	100,185
Financial assets at fair value through profit or loss		374	434
Cash on hand and at banks	13	978,354	802,838
		<u>1,348,269</u>	<u>1,222,763</u>
TOTAL ASSETS		<u>2,145,117</u>	<u>2,071,836</u>
Equity and Liabilities			
Equity			
Paid-in-capital	14	247,500	82,500
Statutory reserve	14	75,000	75,000
Voluntary reserve	14	75,000	75,000
Special reserve	14	75,000	75,000
Fair value reserve		(357)	(276)
Acquisition of non – controlling interest reserve	38	924	924
Retained earnings attributable to Company's shareholders		1,203,800	1,170,542
Equity attributable to Company's shareholders		<u>1,676,867</u>	<u>1,478,690</u>
Non – controlling interests	37	7,053	5,792
Total Equity		<u>1,683,920</u>	<u>1,484,482</u>
Liabilities			
Non-current liabilities			
Long-term loans	15	29,807	34,975
Provisions for employees' benefits	16	48,786	55,864
Assets deferral provision	6	18,785	18,128
Other long-term credit provisions	35	32,500	32,500
Long-term lease liabilities	3B	36,180	54,151
		<u>166,058</u>	<u>195,618</u>
Current liabilities			
Accounts payable	17	62,465	79,936
Accrued expenses	18	32,368	48,790
Other current liabilities	19	39,434	40,614
Due to banks	20	1,204	433
Current portion of long-term loans	15	5,168	12,474
Income tax provision	21	109,678	157,404
Short-term lease liabilities	3B	7,301	7,220
Provisions for employees' benefits	16	37,521	44,865
		<u>295,139</u>	<u>391,736</u>
Total Liabilities		<u>461,197</u>	<u>587,354</u>
TOTAL EQUITY AND LIABILITIES		<u>2,145,117</u>	<u>2,071,836</u>

The attached notes from 1 to 44 form an integral part of these consolidated financial statements

JORDAN PHOSPHATE MINES COMPANY PLC
CONSOLIDATED STATEMENT OF INCOME
AS AT 31 DECEMBER 2023
(In Thousands of Jordanian Dinars)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Net sales	22	1,229,234	1,748,265
Cost of sales	22	(516,830)	(692,340)
Gross profit	22	712,404	1,055,925
Selling and marketing expenses	23	(6,257)	(6,320)
New phosphate port terminal expenses	34	(13,702)	(14,801)
Aqaba port fees		(5,035)	(5,135)
Transportation expenses		(92,442)	(78,573)
Administrative expenses	24	(29,368)	(27,999)
Russiefah mine expenses	25	(1,364)	(1,502)
Mining fees costs	26	(37,859)	(49,215)
Recovered from (provision for) slow-moving spare parts	10	169	(914)
Other provisions	16	(370)	(1,779)
Recovered from (provision for) expected credit losses	9,11	4,605	(4,912)
Provision for impairment of investment in associate	5	-	(12,352)
Other income, net	27	18,338	9,641
Foreign currency exchange differences		2,658	3,043
Operating profit		551,777	865,107
Finance costs	28	(8,873)	(8,438)
Finance income	29	41,180	10,455
Group's share of profit from associates and joint ventures	5	29,669	76,784
Board of directors bonus		(45)	(45)
(Loss) gain from revaluation of financial assets at fair value through profit or loss		(60)	65
Profit before income tax		613,648	943,928
Income tax expense	21	(166,820)	(226,783)
Profit for the year		446,828	717,145
Profit attributable to:			
Company's shareholders		445,533	715,406
Non-controlling interests		1,295	1,739
		446,828	717,145
		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted profit per share attributable to the Company's shareholders	30	1/800	2/891

The attached notes from 1 to 44 form an integral part of these consolidated financial statements

JORDAN PHOSPHATE MINES COMPANY PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(In Thousands of Jordanian Dinars)

	Notes	2023	2022
Profit for the year		446,828	717,145
Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods (net of tax)			
Changes in fair value of financial assets at fair value through other comprehensive income	8	(81)	-
Actuarial gain resulted from revaluation of defined benefit obligation plan	16	191	3,739
Total comprehensive income for the year		446,938	720,884
Total comprehensive income attributable to:			
Company's shareholders		445,677	719,058
Non-controlling interests	37	1,261	1,826
Total comprehensive income for the year		446,938	720,884

The attached notes from 1 to 44 form an integral part of these consolidated financial statements

JORDAN PHOSPHATE MINES COMPANY PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(in Thousands of Jordanian Dinars)

	Reserves				Retained earnings			Equity attributable to Company's shareholders	Non - controlling interest	Total equity		
	Paid-in capital	Statutory	Voluntary	Special	Fair value reserve	Acquisition of non -controlling interest reserve	Unrealized*				Realized**	Total
For the year ended 31 December 2023												
Balance at 1 January 2023	82,500	75,000	75,000	75,000	(276)	924	26,205	1,144,337	1,170,542	1,478,690	5,792	1,484,482
Profit for the year	-	-	-	-	-	-	(60)	445,593	445,533	445,533	1,295	446,828
Other comprehensive income items	-	-	-	-	(81)	-	-	225	225	144	(34)	110
Total comprehensive income	-	-	-	-	(81)	-	(60)	445,818	445,758	445,677	1,261	446,938
Capital increase (note 42)	165,000	-	-	-	-	-	-	(165,000)	(165,000)	-	-	-
Cash dividends distribution (Note 42)	-	-	-	-	-	-	-	(247,500)	(247,500)	(247,500)	-	(247,500)
Balance at 31 December 2023	247,500	75,000	75,000	75,000	(357)	924	26,145	1,177,655	1,203,800	1,676,867	7,053	1,683,920
For the year ended 31 December 2022												
Balance at 1 January 2022	82,500	75,000	75,000	75,000	(276)	924	26,140	590,344	616,484	924,632	3,966	928,598
Profit for the year	-	-	-	-	-	-	65	715,341	715,406	715,406	1,739	717,145
Other comprehensive income items	-	-	-	-	-	-	-	3,652	3,652	3,652	87	3,739
Total comprehensive income	-	-	-	-	-	-	65	718,993	719,058	719,058	1,826	720,884
Cash dividends distribution (Note 42)	-	-	-	-	-	-	-	(165,000)	(165,000)	(165,000)	-	(165,000)
Balance at 31 December 2022	82,500	75,000	75,000	75,000	(276)	924	26,205	1,144,337	1,170,542	1,478,690	5,792	1,484,482

* An amount of JD 26,145 thousand is restricted and represents the unrealized gain from the revaluation of investment and acquisition of Indo-Jordan Chemical Co. and Nippon Jordan Fertilizer Co. during 2010 and 2011.

** Included in retained earnings an amount of JD 30,416 thousands which are restricted, it includes JD 30,059 thousands which represents deferred tax assets, an amount of JD 276 thousands restricted against the negative balance of fair value reserve for financial assets at fair value through other comprehensive income as of 31 December 2023.

The attached notes from 1 to 44 form an integral part of these consolidated financial statements

JORDAN PHOSPHATE MINES COMPANY PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2023	2022
<u>OPERATING ACTIVITIES</u>			
Profit for the year before income tax		613,648	943,928
Adjustments -			
Depreciation	3A	12,586	12,214
Depreciation of right of use assets	3B	4,906	4,978
Amortization of new phosphate port terminal	6	6,361	6,361
Amortization of natural gas station and pipeline	6	436	655
Provisions for employees' benefits	16	16,114	9,651
Finance costs	28	8,873	8,438
Finance income	29	(41,180)	(10,455)
Mining fees costs	26	40,228	51,619
Group's share of profit from associates and joint ventures	5	(29,669)	(76,784)
Group's share of gain on sale and liquidation of investments in associates, net	5	-	(2,819)
Provision for impairment of investments in associates	5	-	12,352
(Recovered from) provision for slow-moving spare parts and supplies	10	(169)	914
(Recovered from) provision for expected credit losses	9,11	(4,605)	4,912
Other non-cash items		(8,705)	8,097
Working capital changes:			
Accounts receivable		2,985	70,538
Employees' housing loans		271	(1,063)
Other current assets		13,164	2,859
Inventories, spare parts and supplies		31,461	(34,453)
Accounts payable		(17,471)	(40,790)
Accrued expenses		(14,709)	17,954
Other current liabilities		(1,180)	13,868
Provisions for employees' benefits paid	16	(30,109)	(21,748)
Mining fees paid		(22,079)	(104,236)
Income tax paid	21	(205,982)	(162,805)
Net cash flows from operating activities		375,175	714,185
<u>INVESTING ACTIVITIES</u>			
Property, plant and equipment and projects in progress		(25,511)	(20,901)
Short term deposits mature between within 3 months and 1 year		(466,412)	(333,803)
Proceeds from sale and liquidation of investments in associates	5	-	5,465
Investment in associates and joint ventures		(66)	(33)
Dividends received		64,886	34,785
Loans receivables		-	5,062
Interest received		30,031	10,455
Net cash flows used in investing activities		(397,072)	(298,970)
<u>FINANCING ACTIVITIES</u>			
Repayments of loans		(12,474)	(18,432)
Dividends paid		(247,611)	(163,175)
Lease liabilities payments	3B	(5,547)	(6,340)
Finance costs paid		(4,138)	(2,760)
Net cash flows used in financing activities		(269,770)	(190,707)
Net (decrease) increase in cash and cash equivalents		(291,667)	224,508
Cash and cash equivalents at 1 January		468,602	244,094
Cash and cash equivalents at 31 December	13	176,935	468,602

The attached notes from 1 to 44 form an integral part of these consolidated financial statements

JORDAN PHOSPHATE MINES COMPANY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

(1) GENERAL

Jordan Phosphate Mines Company was established in 1949 and became a Public Shareholding Company in 1953. The Company's objectives are to mine and market phosphate rock, produce fertilizers and invest in the establishment of related industries. The fertilizers production unit is located in the Industrial Complex in Aqaba. The phosphate rock is extracted, to a large extent, from the mines of Al-Abiad, Al-Hasa, and Shidiya. In respect of the mining rights granted to the Company, it is subject to annual mining rights fees of JD 500 / squared Kilo meter or any part of squared Kilo meter per mined area payable to the Natural Resources Authorities. The Company produces chemical fertilizers and related by-products through its subsidiaries that are listed in (Note 2-2).

The head office of the Company is located in Shmeisani, Amman - Jordan.

The Consolidated financial statements were authorized for issuance by the Board of Directors in their meeting held on 28 March 2024 and they are subject to the approval of the Company's General Assembly.

Investors with significant influence on the Group:

Indian Potash Limited, Government Investments Management Company (Jordan), Jordanian Social Security Corporation, Kisan International Trading and Government of Kuwait own 27.4%, 25.7%, 16.6% 9.6%, and 9.3% of the Company's capital, respectively.

(2) BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

(2-1) BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income which have been measured at fair value as of the date of the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The consolidated financial statements are presented in Jordanian Dinars and all values are rounded to the nearest thousand except when otherwise indicated.

JORDAN PHOSPHATE MINES COMPANY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Jordan Phosphate Mines Company (“The Company”) and the following subsidiaries as of 31 December 2023:

Company name	Nature of activity	Ownership	Country
Indo-Jordan Chemicals Company Limited	Phosphoric Acid and other chemicals production	100%	Jordan
Ro'ya for Transportation Company Limited	Transportation services	100%	Jordan
Nippon Jordan Fertilizers Company Limited	Fertilizers and chemicals production	80%	Jordan

The control exists when the Group has the rights to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns. Control over the subsidiaries is exercised when the following factors exist:

- 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 owns less than a majority of the voting rights in an investee, in this case, the Group considers all factors and circumstances to determine whether it has control over the investee, which include the following:

- Contractual agreements with shareholders that have voting rights in the investee.
- Rights resulting from other contractual arrangements.
- 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 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 assets, liabilities, equity, revenues, expenses, gains and losses resulting from intra-group transactions and dividends are eliminated in full.

JORDAN PHOSPHATE MINES COMPANY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

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:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes 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 or retained earnings, as appropriate.

(2-3) NEW IFRS AND AMENDMENTS APPLIED FOR FIRST TIME DURING THE YEAR

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023:

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 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. 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.

JORDAN PHOSPHATE MINES COMPANY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

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 are not expected to have a material impact on the Group's consolidated financial statements.

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

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

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

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

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

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be 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 are not expected to have a material impact on the Group's consolidated financial statements.

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 material impact on the Group's consolidated financial statements as the Group.

(2-4) USE OF ESTIMATES

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. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Useful life of properties, plant and equipment

The Group's management estimates the useful life for property, plant and equipment for the purpose of calculating depreciation by depending on the expected useful life of these assets. Management reviews the remaining book value and useful life annually. Future depreciation expense is adjusted if management believes that the remaining useful life of the assets differs from previous estimations.

Impairment of goodwill

The Group's management performs an annual impairment test for the goodwill resulted from the purchase of the fertilizers unit at the date of the consolidated financial statements. Goodwill is impaired if there are indications of impairment, i.e. if the estimated recoverable amount for the fertilizers unit is less than the book value. Impairment is recorded in the consolidated statement of income.

The fair value of recoverable amounts for the fertilizers unit is valued using the discounted value of future cash flows. All assumptions used in the goodwill impairment calculation are indicated in (Note 6).

Provision for slow moving spare parts

The Group's management performs an annual study which categorizes all spare parts by age groups. Based on the results of the study, a provision is taken against spare parts which have surpassed, at the date of the Group's financial statements, a certain age from the date of purchase.

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Expected credit losses

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

Income tax provision

The Group calculates tax expense for the year based on reasonable estimates, for possible consequences of audit by the Income and Sales tax department. The amount of tax provision is based on various factors, such as experience of previous tax audits. Additionally, the Group engages an independent tax specialist to review the tax provision calculations.

Deferred tax assets are recognized for all deductible temporary differences such as unused tax expenses and losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. Details of income tax provision and deferred tax are disclosed in (Note 21).

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 Group 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.

Death and compensation fund provision

Death and compensation fund provision is measured using the Projected Unit Credit Method that is calculated by an actuarial. All actuarial assumptions are disclosed in (Note 16).

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(2-5) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

A) Property plant and equipment recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis using the following depreciation rates, (land is not depreciated):

<u>Type of property, plant and equipment</u>	<u>Depreciation rate</u>
	%
Buildings and constructions	2
Roads and yards	4
Machinery and equipment	3
Water and electricity networks	2-3
Furniture and office equipment	9
Medical and lab equipment	10
Communication equipment	12
Computers	12
Vehicles	7
Spare parts reserves	3
Software and programs	20

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Book value of property and equipment's are being reviewed regarding the decreasing the value when the events or changing in circumstances indicate that the book value cannot be recovered. When the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated statement of income.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

B) Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised. Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

Projects in progress

Projects in progress are stated at cost, and include the cost of construction, equipment and other direct costs and it is not depreciated until it is available for use.

Right-of-use assets

The Group recognizes 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 recognized, 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 recognized 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 (USD 5,000 annually). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's consolidated statement of other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the consolidated statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

Intangible assets

- New phosphate port terminal

This item represents the license to use and operate the new phosphate port terminal until 2040, after that the port will be handed over to Aqaba Development Corporation.

- Natural gas station and pipeline

This item represents the license to use and operate the new gas station and pipeline until 2033, after that the station will be handed over to the Government of the Hashemite Kingdom of Jordan.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets are amortized over the period in which they are expected to be available for use by the Group using straight line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense on intangible assets is recognized in the consolidation statement of income.

- 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 interests in the acquire. For each business combination, the Group elects whether to measure the non-controlling interests in the acquire at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in consolidated statement of income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated income statement .

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After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Asset deferral cost

The Group recognizes and measures asset deferral provision for movable assets as a consequence of the use of the new phosphate port terminal during the operating period in accordance with IAS 37, using the best estimate of the expenditures required to settle the present obligation at the consolidated statement of financial position date.

Financial assets at fair value through other comprehensive income

These are financial assets limited to equity instruments and the management intends to retain those assets in the long term.

These financial assets are initially recognized at fair value plus attributable transaction costs and subsequently measured at fair value. The change in fair value of those assets is presented in the consolidated statement of comprehensive income within owners' equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets. In case those assets - or part of them - were sold, the resultant gain or loss is recorded in the consolidated comprehensive income statement within owners' equity and the fair value reserve for the sold assets is directly transferred to the retained profit or loss and not through the consolidated statement of income.

- Those financial assets are not subject to impairment testing.
- Dividend's income is recorded in the consolidated income statement.
- It is not permitted to reclassify assets to or from this category except in certain circumstances determined in the IFRS 9.

Debit financial assets

Debit financial assets are initially recognized at fair value, debit financial assets are subsequently measured at amortized cost using the effective interest method.

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Inventories and spare parts

Inventories are valued at the lower of cost or 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.

Raw materials	Purchase cost using the weighted average cost method.
Finished goods and work in process	Cost of direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs, using the weighted average cost method.
Spare parts and supplies	Cost using the weighted average cost method.

Accounts receivable

Accounts receivable are stated at original invoice amount less any provision for any uncollectible amounts or expected credit loss. The Group applies a simplified approach in calculating ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment in accordance with IFRS (9).

Financial assets at fair value through profit or loss

Financial assets which are purchased with the aim of resale in the near future in order to generate profit from the short-term market prices fluctuation or the trading profit margins.

Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the income statement at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the income statement. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the consolidated statement of income.

Dividend and interest income are recorded in the consolidated statement of income.

It is not permitted to reclassify assets to or from this category except in certain circumstances determined in the International Financial Reporting Standards.

Cash and cash equivalents

Cash and cash equivalent in the consolidated statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less. If original maturity of deposits exceeds three months, they are classified as short-term investments. For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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Long term loans

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Loans interests are expensed in the period they occur including the grace period (if any). However, interest on loans granted for the purpose of financing projects in progress, is capitalized as a part of the project cost.

Employees' benefits

The Group grants its employees schemes for early retirement and end of service compensations according to the following plans:

1. Defined benefits plans

The Group has the following defined benefits plans:

- End of service bonus compensation.
- Death and compensation fund.

The plans liability is determined actuarial expert. The obligation provision and pension costs are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Past service costs are recognized in profit or loss on the earlier of the date of plan amendment or the date that the company recognizes related costs . Actuarial gains or losses are recognized in accumulated losses through OCI in the period in which they occur. Gain or loss is realized from amendment or payment of the benefits when it occurs. The end of service obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bonds.

2. Defined contribution plans

The Group computes its share from contributions to the defined contribution plans that is being provided to the plan's fund, which is financially and managerially independent from the Group, bank account in form of cash payments. Once the Group pays its share of contributions it will have no further liability toward the plan. Contributions are recognized as expense in the consolidated statement of income.

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) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

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Revenue and expense recognition

Revenues are recorded in accordance with the five-steps model of the International financial Reporting Standard (15), which includes identifying the contract and the price and determining the performance obligation in the contract and recognizing revenue based on the performance of the obligation, where revenue is recognized when the goods are sold to customers and the invoice is issued, which usually takes place at a specific point in time.

Interest revenues are recognized on an accrual basis using effective interest method.

Other revenues are recognized on an accrual basis.

Expenses are recognized on an accrual basis.

Mining Fees

Mining fees paid in respect of phosphate rock used by the Fertilizers Unit are charged to cost of sales. Other mining fees on exported and locally sold phosphate are shown as a separate item in the consolidated statement of income.

Leases

Leases are classified as operating leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessor. Operating lease payments are recognized as an expense on a straight-line basis.

Income tax

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.

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 such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date, based on the rates declared by the Central Bank of Jordan.

Fair value

The Group evaluates its financial instruments at fair value at the date of the financial statements.

The fair value of the financial instruments is included at 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.

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 measures the fair value of financial assets and liabilities using the pricing assumptions used by market participants to price financial assets and liabilities, assuming that market participants behave according to their economic interests.

The Group uses valuation techniques that are appropriate and commensurate with the circumstances, and provides sufficient information for fair value measurement. Also, it illustrates clearly the use of inputs that are directly observable, and minimizes the use of inputs that are not directly observed.

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The Group uses the following valuation methods and alternatives in measuring and recording the fair value of financial instruments:

All assets and liabilities for which fair value is measured or disclosed in the financial statements or have been written off are categories 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 recognized in the financial statements on a recurring basis, the Group determines whether transfers have accrued between levels in the hierarchy by reassessing categorization (based on the lowest level input that significant to the fair value measurement as a whole) at the end of each reporting period.

For the disclosure of fair value, the Group classifies assets and liabilities based on their nature, their risk, and the level of fair value measurement.

Segment reporting

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.

Current Versus non-current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Offsetting

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

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(3A) PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and constructions	Roads & yards	Machinery & equipment	Water & electricity networks	Furniture & office equipment	Medical equipment	Communication equipment	Computers	Vehicles	Spare parts reserves	Software and programs	Total
	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)
2023													
Cost -													
Balance at 1 January 2023	3,503	138,161	25,417	503,337	94,179	8,077	1,139	1,355	3,966	14,475	75,267	1,913	870,789
Additions	-	702	-	3,378	165	1,853	18	5	60	467	7,549	-	14,197
Transfers from projects in progress (Note 4)	-	915	249	5,485	-	-	-	-	-	-	-	-	6,649
Disposals	-	(847)	(128)	(6,285)	(54)	(50)	-	(2)	(62)	(153)	(337)	-	(9,918)
Balance at 31 December 2023	3,503	138,931	25,538	503,915	94,290	9,880	1,157	1,358	3,964	14,789	82,479	1,913	881,717
Accumulated Depreciation -													
Balance at 1 January 2023	-	101,851	23,837	402,724	45,248	5,344	952	1,319	3,573	13,596	38,610	1,912	638,966
Depreciation for the year	-	1,910	273	6,402	1,449	338	28	9	99	243	1,835	-	12,586
Disposals	-	(847)	(128)	(6,085)	(54)	(40)	-	(2)	(55)	(96)	(228)	-	(9,535)
Balance at 31 December 2023	-	102,914	23,982	401,041	46,643	5,642	980	1,326	3,617	13,743	40,217	1,912	642,017
Net book value -													
At 31 December 2023	3,503	36,017	1,556	102,874	47,647	4,238	177	32	347	1,046	42,262	1	239,700

The value of fully depreciated property, plant and equipment is JD 591,306 thousand as at 31 December 2023 (31 December 2022: JD 577,352 thousand).

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	Land	Buildings and constructions	Roads & yards	Machinery & equipment	Water & electricity networks	Furniture & office equipment	Medical equipment	Communication equipment	Computers	Vehicles	Spare parts reserves	Software and programs	Total
	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)
2022													
Cost:													
Balance at 1 January 2022	3,503	133,754	25,361	500,518	91,840	6,409	1,073	1,358	3,886	14,251	69,913	1,913	853,779
Additions	-	1,073	69	908	-	494	113	7	136	84	5,393	-	8,277
Transfers from projects in progress	-	5,978	-	2,657	2,516	1,398	-	-	-	190	-	-	12,739
Disposals	-	(2,644)	(13)	(746)	(177)	(224)	(47)	(10)	(56)	(50)	(39)	-	(4,006)
Balance at 31 December 2022	3,503	138,161	25,417	503,337	94,179	8,077	1,139	1,355	3,966	14,475	75,267	1,913	870,789
Accumulated Depreciation:													
Balance at 1 January 2022	-	99,745	23,575	397,628	43,992	5,113	863	1,320	3,535	13,429	36,941	1,912	628,153
Depreciation for the year	-	2,420	275	5,842	1,404	260	24	9	94	217	1,669	-	12,214
Disposals	-	(314)	(13)	(746)	(148)	(29)	(35)	(10)	(56)	(50)	-	-	(1,401)
Balance at 31 December 2022	-	101,851	23,837	402,724	45,248	5,344	952	1,319	3,573	13,596	38,610	1,912	638,966
Net book value -													
At 31 December 2022	3,503	36,310	1,580	100,613	48,931	2,733	187	36	383	879	36,657	1	231,823

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Depreciation included in the consolidated statement of income is allocated as follows:

	2023	2022
	JD ('000)	JD ('000)
Cost of sales	12,348	11,765
Administrative expenses (Note 24)	168	385
Selling and marketing expenses	61	54
Russiefah mine expenses (Note 25)	7	6
Others	2	4
	<u>12,586</u>	<u>12,214</u>

(3B) RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for various lands owned by the Government of Jordan, used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has some short term leases. The Group applies the 'short-term lease' recognition exemptions for this lease.

The lease obligation was computed based on average discount rate of 6.5%.

Set out below are the carrying amounts of right-of-use assets and lease liabilities recognised as of 31 December:

	Right-of-use assets	Lease liabilities*
	JD ('000)	JD ('000)
2023 -		
Balance at 1 January	53,023	61,371
Depreciation	(4,906)	-
Finance costs (Note 28)	-	3,802
Payments	-	(5,547)
Disposals*	(12,000)	(16,457)
Adjustments	(434)	312
Balance at 31 December	<u>35,683</u>	<u>43,481</u>

* During the year 2023, the Group has terminated several lease contracts for land at Shidiya mine. The termination resulted in income of JD 4,457 thousand (Note 27).

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	Right-of-use assets	Lease liabilities *
	JD ('000)	JD ('000)
2022 -		
Balance at 1 January	58,001	64,413
Depreciation	(4,978)	-
Finance costs(Note 28)	-	4,113
Transfer to credit balances	-	(815)
Payments	-	(6,340)
Balance at 31 December	<u>53,023</u>	<u>61,371</u>

* Lease liabilities details as at 31 December 2023 and 2022 are as follows:

2023			2022		
Short-term	Long-term	Total	Short-term	Long-term	Total
JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)
<u>7,301</u>	<u>36,180</u>	<u>43,481</u>	<u>7,220</u>	<u>54,151</u>	<u>61,371</u>

(4) PROJECTS IN PROGRESS

Movement on the projects in progress is as follows:

	Balance at 1		Transferred to property plant & equipment	Transferred to Intangible assets	Disposals	Balance at 31 December
	January	Additions				
	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)
2023 -						
Industrial Complex Projects - Aqaba	28	5,193	(1,158)	-	-	4,063
Shidiya Mine Projects	804	605	(123)	-	(24)	1,262
Indo-Jordan Chemicals Company Projects	9,080	3,897	(4,920)	-	-	8,057
Head Office, Hasa & Abyad mines	5	1,095	(448)	-	-	652
Nippon Jordan Fertilizers Company Projects	227	524	-	-	-	751
Total	<u>10,144</u>	<u>11,314</u>	<u>(6,649)</u>	<u>-</u>	<u>(24)</u>	<u>14,785</u>
2022 -	<u>16,074</u>	<u>12,624</u>	<u>(12,739)</u>	<u>(5,680)</u>	<u>(135)</u>	<u>10,144</u>

The estimated cost to complete the projects in progress as of 31 December 2023 amounted to JD 17,794 thousand for Jordan Phosphate Mines Company and the expected completion of these projects is by the end of 2024. The estimated cost to complete the projects in progress amounted to JD 1,064 thousand for Indo-Jordan Chemicals related projects as of 31 December 2023 and the expected completion of these projects is during 2024. The estimated cost to complete the projects in progress amounted to JD 2,446 thousand for Nippon Jordan Fertilizers related projects as of 31 December 2023 and the expected completion of these projects is during 2024.

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(5) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The below schedule summarizes the Group's investment in associates and joint ventures:

	2023	2022
	JD ('000)	JD ('000)
Investment in associates (A)	230,676	262,871
Joint ventures (B)	104,903	102,256
	<u>335,579</u>	<u>365,127</u>

A. INVESTMENTS IN ASSOCIATES:

The below schedule summarizes financial information for the Group's investment in associates:

	Country of incorporation	Nature of activity	Ownership	2023	2022
			%	JD ('000)	JD ('000)
Jordan India Fertilizer Company "JIFCO"	Jordan	Phosphoric acid production	48	230,577	262,838
Jordan Renewable Aluminum Fluoride Manufacturing Company*	Jordan	Aluminum fluoride production	33	99	33
Manajim for Mining Development Company "Manajim"***	Jordan	Mining services	46	-	-
Arkan Company for Constructions "Arkan"****	Jordan	Mining contracting	46	-	-
Kaltim Jordan Abdi Company****	Indonesia	Phosphoric acid production	40	-	-
				<u>230,676</u>	<u>262,871</u>

*During the year 2022, the Group invested in 33% of Jordanian Renewable Aluminum Fluoride Manufacturing Company's capital for an amount of JD 33 thousand. The registration procedures for the Jordanian Renewable Aluminum Fluoride Manufacturing Company were completed with the Companies Control Department in the Hashemite Kingdom of Jordan during December 2022. The Group increased its investment by JD 66 thousand during the year 2023 to reach to JD 99 thousand as of 31 December 2023. The company did not commence its operations until the date of preparing of the consolidated financial statements.

**During 2022, The Group recorded a provision for impairment in investment against its investment in Manajim for Mining Development Company with an amount JD 12,352 thousand.

***During 2022, the Group sold its share in Arkan Company for Constructions for JD 5,200 thousand which resulted in a gain of JD 2,884 thousand.

****During 2022, Kaltim Jordan Abdi Company was liquidated, and accordingly, the investment was disposed recognizing a loss of JD 65 thousand, after collecting an amount of JD 265 thousand in cash as a result of the liquidation.

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Movements on the investment in associates were as follows:

	2023	2022
	JD ('000)	JD ('000)
Balance at 1 January	262,871	239,846
The Group's share of current year profit	27,498	66,546
Additions (disposals) of Group's share of JIFCO income related to transactions between the Group and associate	2,627	(1,820)
Investment in Jordan Renewable Company for Aluminum Fluoride	66	33
Dividends from Jordan Indian Fertilizers Company	(62,386)	(26,736)
Provision for Impairment of investment in Manajim for Mining Development	-	(12,352)
Sale and liquidation of investments in associates	-	(2,646)
Balance at 31 December	<u>230,676</u>	<u>262,871</u>

The below schedules summarize financial information for the Group's investment in associates:

	2023		
	Jordan India Fertilizers Company	Jordan Renewable Company for Aluminum Fluoride	Total
	JD ('000)	JD ('000)	JD ('000)
<u>Group's share in net equity:</u>			
Current assets	126,316	-	126,316
Non-current assets	433,509	-	433,509
Current liabilities	(52,851)	-	(52,851)
Non-current liabilities	(24,642)	-	(24,642)
Net equity	482,332	300	482,632
Percentage of ownership	48%	33%	
Group's share in net equity	231,519	99	231,618
Elimination of Group's share of association related to transaction between the Group and associate	(942)	-	(942)
Adjustments	-	-	-
Provision for Impairment of investment	-	-	-
Net investment as at 31 December	<u>230,577</u>	<u>99</u>	<u>230,676</u>
<u>Group's share from associate's revenues and profits:</u>			
Revenues	309,433	-	309,433
Cost of sales	(164,209)	-	(164,209)
Administrative, selling and distribution expenses	(87,686)	-	(87,686)
Group share of prior year results*	(250)	-	(250)
Profit for the year before income tax	57,288	-	57,288
Income tax expense	-	-	-
Profit for the year	57,288	-	57,288
Percentage of ownership	48%	33%	
Group's share of associates' profit	27,498	-	27,498

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	2022			
	Jordan India	Arkan Company for	Jordan Renewable	Total
	Fertilizers Company	Construction**	Company for Aluminum Fluoride	
JD ('000)	JD ('000)	JD ('000)	JD ('000)	
Group's share in net equity:				
Current assets	193,737	-	-	193,737
Non-current assets	441,976	-	-	441,976
Current liabilities	(42,309)	-	-	(42,309)
Non-current liabilities	(38,390)	-	-	(38,390)
Net equity	555,014	-	100	555,114
Percentage of ownership	48%	-	33%	
Group's share in net equity	266,407	-	33	266,440
Elimination of Group's share of association related to transaction between the Group and associate	(3,569)	-	-	(3,569)
Adjustments	-	-	-	-
Provision for Impairment of investment	-	-	-	-
Net investment as at 31 December	262,838	-	33	262,871
Group's share from associate's revenues and profits:				
Revenues	512,413	5,252	-	517,665
Cost of sales	(281,180)	(6,381)	-	(287,561)
Administrative, selling and distribution expenses	(86,214)	(5,485)	-	(91,699)
Other revenues	-	-	-	-
Group share of prior year results*	(44)	-	-	(44)
Profit (loss) for the year before income tax	144,975	(6,614)	-	138,361
Income tax expense	-	-	-	-
Profit (loss) for the year	144,975	(6,614)	-	138,361
Percentage of ownership	48%	46%	33%	
Group's share of associates' profit (loss)	69,588	(3,042)	-	66,546

*Prior year adjustments represent loss or profit differences between draft financial statements and issued audited financial statements of the affiliate companies.

**This item represents the Group's share of Arkan Company for Construction's losses up to the date of sale the Group's share in the investment.

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B. JOINT VENTURES:

The below schedule represents the Group's investment in joint ventures:

	Country of incorporation	Nature of activity	Ownership %	2023 JD ('000)	2022 JD ('000)
Indonesian project – Petro Jordan Abadi Company	Indonesia	Phosphoric acid production	50	30,691	26,500
Jordan Industrial Ports Company	Jordan	Shipping services	50	74,212	75,756
				<u>104,903</u>	<u>102,256</u>

The movement on the investment in joint ventures is as follows:

	2023 JD ('000)	2022 JD ('000)
Balance at 1 January	102,256	93,947
Group's share of profit for the year	2,171	10,238
Dividends from Jordan Industrial Ports Company	(2,500)	-
Additions (disposal) of the Group's share of Petro Jordan Abadi income related to transactions between the Group and joint venture	2,976	(1,929)
Balance at 31 December	<u>104,903</u>	<u>102,256</u>

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The below schedules summarize financial information for the Group's joint ventures:

	2023		
	Indonesian project – Petro Jordan Abadi Company JD ('000)	Jordan Industrial Ports Company JD ('000)	Total JD ('000)
Current assets	40,374	26,894	67,268
Non-current assets	106,236	131,163	237,399
Current liabilities	(51,043)	(4,094)	(55,137)
Non-current liabilities	(32,463)	(5,540)	(38,003)
Net equity	63,104	148,423	211,527
Percentage of ownership	50%	50%	
Group's share in net equity	31,552	74,212	105,764
Elimination of the Group's share of the income related to transactions between the Group and joint ventures	(861)	-	(861)
Group's share in net equity	30,691	74,212	104,903
<u>Group's share from joint ventures income and profits</u>			
Revenues	131,861	23,042	154,903
Cost of sales	(116,211)	(21,346)	(137,557)
Administration, selling and distribution expenses	(1,958)	(1,011)	(2,969)
Interest income	-	1,101	1,101
Finance expense	(5,373)	(4)	(5,377)
Other revenues, net	(3,254)	135	(3,119)
Group's share from prior year results***	(2,635)	(6)	(2,641)
Profit for the year	2,430	1,911	4,341
Percentage of ownership	50%	50%	-
Group's share of profit from joint ventures	1,215	956	2,171

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	2022		
	Indonesian project – Petro Jordan Abadi Company JD ('000)	Jordan Industrial Ports Company JD ('000)	Total JD ('000)
Current assets	54,895	24,182	79,077
Non-current assets	101,876	136,044	237,920
Current liabilities	(56,115)	(3,826)	(59,941)
Non-current liabilities	(39,983)	(4,888)	(44,871)
Net equity	60,673	151,512	212,185
Percentage of ownership	50%	50%	
Group's share in net equity	30,337	75,756	106,093
Elimination of the Group's share of the income related to transactions between the Group and joint ventures	(3,837)	-	(3,837)
Group's share in net equity	26,500	75,756	102,256
<u>Group's share from joint ventures and profits</u>			
Revenues	198,982	22,620	221,602
Cost of sales	(170,663)	(20,558)	(191,221)
Administration, selling and distribution expenses	(3,940)	(1,361)	(5,301)
Interest income	-	676	676
Finance expense	(4,232)	(12)	(4,244)
Other revenues, net	(193)	548	355
Group's share from prior year results***	(1,222)	(170)	(1,392)
Profit for the year	18,732	1,743	20,475
Percentage of ownership	50%	50%	-
Group's share of profit from joint ventures	9,366	872	10,238

*** Prior year adjustments represent loss or profit differences between draft financial statements and issued audited financial statements of the joint ventures' companies.

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(6) INTANGIBLE ASSETS

The details of this item are as follows:

	2023	2022
	JD ('000)	JD ('000)
Fertilizers unit goodwill*	15,680	15,680
New phosphate port**	101,746	108,107
Natural gas station and pipeline***	4,589	5,025
	<u>122,015</u>	<u>128,812</u>

*** FERTILIZERS UNIT GOODWILL:**

During 1986 the Group acquired Jordan Fertilizers Industry Company ("JFIC" or "the Fertilizers Unit") as agreed by the Economic Security Committee decision no. 16/86 dated 15 June 1986, whereby all assets and certain liabilities have been transferred to the Group.

Goodwill represents the excess of the cost of purchase over the Group's interest in the net fair value of the JFIC identifiable assets and liabilities that have been recorded 1986.

Impairment test of goodwill

The recoverable amount of the Fertilizers Unit has been determined using the projected cash flows based on financial budgets and projections prepared by the Group. The pre-tax discount rate applied is 16.8% the projections were prepared based on the production capacity and the expected prices of raw material and finished goods as published by specialized international organization. The test did not result any impairment in goodwill.

Key assumptions used:

The key assumptions to calculate the value in use for the Fertilizers Unit and which were used by management to prepare the projected cash flows for the impairment test of goodwill were as follows:

Projected sales: The quantities sold during 2023 were used to build up the projected 5 years future sales.

Projected costs: The costs incurred during 2023 except for raw material prices, were used to build up the projected 5 years cost.

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Discount rate: The discount rate used reflects the management's estimate of the risks specific to the industry to determine the weighted average cost of capital which represent the discount rate used of 16.8% (2022: 18.8%).

Raw materials and selling prices: Estimated selling prices and prices of raw materials are based on management expectations. Fertilizers chemical products prices are obtained from published information issued from international specialized organization and it has been adjusted on historical cost to reflect the purchase prices including Cost and Freight (CFR) Aqaba / Jordan.

Sensitivity to changes in assumptions: With regard to the assessment of value in use of the fertilizer unit, management believes that no reasonably possible changes in any other above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

**** NEW PHOSPHATE PORT**

During 2014, the Group capitalized the new Phosphate Port Project as intangible assets in accordance with IFRIC 12 (Service Concession Arrangements), where the total cost of the project represents the license to use and operate the new port for a period of 26 years, after that the port will be handed over to Aqaba Development Corporation / Aqaba Special Economic Zone Authority. The Group started to amortize the intangible assets related to the new phosphate port terminal from the first of January 2014. The amortization expense for the year ended 31 December 2023 amounted to JD 6,361 thousand (2022: JD 6,361 thousand) was recorded within new phosphate port terminal expenses (Note 34).

Movement on new phosphate port is as follows:

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Balance at 1 January	108,107	114,468
Amortization for the year	<u>(6,361)</u>	<u>(6,361)</u>
Balance at 31 December	<u><u>101,746</u></u>	<u><u>108,107</u></u>

The asset deferral provision when the license to use and operate the new port expires is JD 18,785 thousand as 31 December 2023 (31 December 2022: JD 18,128 thousand). The obligation is measured at the present value of estimated future cash flows using an average interest rate of 8.3%.

The movement on the asset deferred provision is as follows:

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Balance at 1 January	18,128	17,449
Present value discount (Note 28)	<u>657</u>	<u>679</u>
Balance at 31 December	<u><u>18,785</u></u>	<u><u>18,128</u></u>

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***** NATURAL GAS STATION AND PIPELINE**

During 2022, the Group capitalized the natural gas station and pipeline project in Aqaba as intangible assets in accordance with IFRIC 12 (Service Concession Arrangements), where the total cost of the project represents the license to use and operate the station until the end of 2033. The Group started to amortize the intangible assets related to the natural gas station and pipeline from 2023. The amortization expense amounted to JD 436 thousand was recorded within cost of sales for the year ended 31 December 2023 (2022: JD 655 thousand).

The movement on the natural gas station and pipeline is as follows:

	2023	2022
	JD ('000)	JD ('000)
Balance at 1 January	5,025	-
Transfers from projects under construction	-	5,680
Amortization for the year	(436)	(655)
Balance at 31 December	<u>4,589</u>	<u>5,025</u>

(7) EMPLOYEES' HOUSING LOANS

Movement on the employee's housing loans is as follows:

	2023	2022
	JD ('000)	JD ('000)
Balance at 1 January	5,346	4,852
Net movement during the year	(271)	1,063
Present value discount (Note 28 and 29)	25	(569)
Balance at 31 December	<u>5,100</u>	<u>5,346</u>

The Group grants its classified employees, who have been in service with the Group for a minimum of seven years, interest-free housing loans at a maximum amount of JD 40 thousand per employee. The loans are repaid in monthly installments, deducted from the employees' monthly salaries over a period of maximum 15 years. These loans are guaranteed by a mortgage over the real estate.

Housing loans are initially recorded at fair value which is calculated by discounting the monthly installments to their present value using an interest rate which approximates the interest rate for similar commercial loans and is subsequently measured at amortized cost using the effective interest rate method.

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(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Quoted shares	38	119
Unquoted shares	<u>266</u>	<u>266</u>
	<u><u>304</u></u>	<u><u>385</u></u>

The movement on the fair value reserve during the year is as follows:

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Balance at 1 January	(276)	(276)
Net changes in financial assets valuation reserve	<u>(81)</u>	<u>-</u>
Balance at 31 December	<u><u>(357)</u></u>	<u><u>(276)</u></u>

(9) LOANS RECEIVABLE

The balance represents loans granted to associated company of the Group (Jordan Abyad Fertilizers and Chemicals Company). Long-term loans receivable is subject to annual interest rates between 3.5% and 8.25%.

		<u>2023</u>	<u>2022</u>
	Currency	Long-term loan payments	Long-term loan payments
		JD ('000)	JD ('000)
Jordan Abyad Fertilizers and Chemicals Company – net *	USD	3,564	3,564
Jordan Abyad Fertilizers and Chemicals Company – net*	JD	<u>9,896</u>	<u>9,896</u>
		13,460	13,460
Provision for expected credit loss**		<u>(7,018)</u>	<u>(7,018)</u>
		<u><u>6,442</u></u>	<u><u>6,442</u></u>

* The balance represents the net present value of the loans receivable of Jordan Abyad Fertilizers and Chemicals Company after deducting an amount of JD 2,498 thousand, which represents the net present value of the expected future cash inflows using the market weighted average interest rate.

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** Following is the movement on expected credit losses provision:

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Balance at 1 January	7,018	6,525
Provision for the year	<u>-</u>	<u>493</u>
Balance at 31 December	<u><u>7,018</u></u>	<u><u>7,018</u></u>

(10) INVENTORIES, SPARE PARTS AND SUPPLIES

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Finished goods	58,066	72,431
Work in progress (Note 32)	12,803	10,877
Raw materials	25,182	43,517
Inventory held by contractors (Note 18)	2,338	7,874
Spare parts and supplies	<u>97,202</u>	<u>92,353</u>
	195,591	227,052
Provision for slow moving spare parts*	<u>(29,229)</u>	<u>(29,398)</u>
	<u><u>166,362</u></u>	<u><u>197,654</u></u>

* Movement in the provision for slow-moving spare parts was as follows:

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Balance at 1 January	29,398	28,484
(Recovered from) provision for the year	<u>(169)</u>	<u>914</u>
Balance at 31 December	<u><u>29,229</u></u>	<u><u>29,398</u></u>

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(11) ACCOUNTS RECEIVABLE

	2023	2022
	JD ('000)	JD ('000)
Trade receivables	65,828	83,909
Due from associates and joint ventures	54,182	47,896
Others	29,338	20,528
	<u>149,348</u>	<u>152,333</u>
Provision for expected credit losses*	<u>(23,555)</u>	<u>(28,160)</u>
	<u>125,793</u>	<u>124,173</u>
Current portion	123,272	121,652
Non-current portion	2,521	2,521
	<u>125,793</u>	<u>124,173</u>

*The following is the movement for the provision of expected credit losses:

	2023	2022
	JD ('000)	JD ('000)
Balance at 1 January	28,160	22,590
Transfers from provision for associates	-	1,151
Provision for the year	-	4,419
Recovered from the provision	<u>(4,605)</u>	<u>-</u>
Balance at 31 December	<u>23,555</u>	<u>28,160</u>

The Group's policy with regard to trade receivables and related parties' receivables is a collection period that does not exceed 90 days.

As at 31 December, the aging analysis of trade receivables is as follows:

	Neither past due nor impaired			Total
	Less than 90 days	90 – 180 days	More than 180 days	
	JD ('000)	JD ('000)	JD ('000)	JD ('000)
2023	120,607	2,665	2,521	125,793
2022	116,086	5,566	2,521	124,173

The management of the Group expects unimpaired receivables to be fully recoverable. The majority of the Group's sales are made through letter of credits.

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(12) OTHER CURRENT ASSETS

	2023	2022
	JD ('000)	JD ('000)
Prepaid expenses	48,143	69,440
Payments on letters of credit	13,143	19,222
Accrued bank interest income	11,124	2,038
Advance payments on sales tax	6,005	5,613
Accrued debit loan and late payment interest revenue	4,660	8,552
Others	1,492	1,880
	<u>84,567</u>	<u>106,745</u>
Current portion	79,907	100,185
Non-current portion*	4,660	6,560
	<u>84,567</u>	<u>106,745</u>

* This item represents the net present value of the accrued interest of loans receivable related to Jordan Abyad Fertilizers and Chemicals Company and non-current portion of late payment of receivable interest of Jordan India Fertilizers Company.

(13) CASH ON HAND AND AT BANKS

	2023	2022
	JD ('000)	JD ('000)
Cash at banks*	978,168	802,754
Cash on hand	186	84
	<u>978,354</u>	<u>802,838</u>

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

	2023	2022
	JD ('000)	JD ('000)
Cash on hand and at banks	978,354	802,838
Short-term deposits mature within 3 months and 1 year**	(800,215)	(333,803)
Due to banks (Note 20)	(1,204)	(433)
	<u>176,935</u>	<u>468,602</u>

* Cash at banks includes current accounts in US dollars with an annual interest rate not exceeding 4% for the year ended 31 December 2023 (2022: not exceeding 1.75%).

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** Short-term deposits include deposits mature within three months and one year in Jordanian dinars with an annual interest rate ranging from 4.25% to 7% for the year ended 31 December 2023 (31 December 2022: between 3% and 6.4%), and deposits in US dollars with an annual interest rate ranging from 3.5% to 5.8% for the year ended 31 December 2023 (31 December 2022: between 3% and 4%).

(14) EQUITY ATTRIBUTABLE TO EQUITY HOLDERS

Paid-in capital

The Company's authorized, subscribed and issued capital amounted to JD 82,500 thousand which comprises of 82,500 thousand shares at par value of JD 1 per share as of 31 December 2022. The Company's General Assembly approved in its extra ordinary meeting held on 4 April 2023 the increase of Company's capital by capitalizing an amount of JD 165,000 thousand from retained earnings balance which represents 200% of authorized, subscribed and issued capital and to distribute it as stock dividends to the shareholders. the authorized, subscribed and issued capital balance become JD 247,500 thousand as of 31 December 2023.

Statutory reserve

As required by the Jordanian Companies Law, 10% of the annual net income for the year before income tax is to be transferred to the statutory reserve until it reaches 25% of the Group capital. However, the Group may continue transferring to the statutory reserve up to 100% of the Group capital if general assembly approval is obtained. This reserve is not available for distribution to the shareholders.

Voluntary reserve

The amount accumulated in this reserve represents the transfers from net income before income tax at a maximum of 20%. This reserve is available for distribution to the shareholders.

Special reserve

The amount accumulated in this reserve represents the transfers from net income before income tax at a maximum of 20%. This reserve is available for distribution to the shareholders.

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(15) LOANS

	Currency	2023		2022	
		Due within one year	Long-term	Due within one year	Long-term
		JD ('000)	JD ('000)	JD ('000)	JD ('000)
Arab Bank loan	USD	5,168	29,807	5,169	34,975
Housing Bank for Trade and Finance Loan	USD	-	-	426	-
ABC Bank loan	USD	-	-	6,879	-
		<u>5,168</u>	<u>29,807</u>	<u>12,474</u>	<u>34,975</u>

Arab Bank Loan -

Jordan Phosphate Mining Company signed a USD 96 Million loan agreement with Arab Bank. On 5 January 2016, the first part of the loan agreement with the amount of USD 50 Million was signed between the Group and Arab Bank. On 21 July 2016, the second part of the loan agreement with the amount of USD 46 Million was signed between the Group and the Arab Bank to finance 100% of Jordan Phosphate Mining Company's share in Jordan Industrial Ports Company to develop and update the industrial port in Aqaba. The loan holds an interest rate of 6 months LIBOR + 2.75% for the first 7 years of the loan period and interest rate of SOFR +2.8% from the 8th year until the end of loan period, the loan has a 15 years period including 2 years grace period. The loan is payable through equal semiannual installments amounted to USD 3.65 Million. The first installment is due on 15 January 2018, and the last installment is payable on 15 July 2030.

Arab Bank Loan Agreement requires that Jordan Phosphate Mining Company shall not borrow from any other entity without the Bank's prior approval for amounts above USD 50 million. As well as maintaining a specific rate of debt service not less than one and a quarter times for any financial year, and the ratio of current assets to current liabilities to not less than 1.2 times for any financial year, as well as maintaining the ratio of liabilities to net equity not more than one and a half for any year. The agreement also requires that the Group does not mortgage its share in the capital of the Industrial Ports Company to any other party without obtaining an approval of the bank, in addition to not distributing dividends in the event of any accrued installments on the loan and that the dividend distribution does not exceed 75% of the Company's capital. The Group has committed to the ratio as of 31 December 2023.

Housing Bank for Trade and Finance Loan -

On 6 April 2017, the Group signed a loan agreement with Housing Bank in the amount of USD 7 million bearing an interest rate of 5.75% annually fixed and without commission. The loan period is 6 years including a grace period of 6 months. The loan is payable through 12 equal semiannual installments of USD 583 thousand. The first installment was due on 6 October 2017 and the last installment was due on 6 April 2023.

Arab Banking Corporation Revolving Loan -

On 22 May 2014, the Group signed a revolving loan agreement with Arab Banking Corporation with a ceiling of USD 10 Million to finance the working capital, at an annual interest rate of one month LIBOR + 2.75%. The loan should be fully paid within a maximum of 13 months from the utilization date. The loan was fully paid during 2023.

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Loans repayments schedule:

The aggregate amounts of annual principal maturities of long-term loan are as follows:

Year	Thousand JD's
2024	5,168
2025	5,168
2026	5,168
2027	5,168
2028 and there after	14,303
	34,975

(16) PROVISIONS FOR EMPLOYEES' BENEFITS

The table below illustrates the details of provisions for employees' benefits as of 31 December:

	2023 JD ('000)	2022 JD ('000)
Defined benefit plans (A)	84,723	99,227
Employees' compensations (B)	849	767
Employees incentives and retirees' grants (C)	735	735
	86,307	100,729
Current portion	37,521	44,865
Non-current portion	48,786	55,864
	86,307	100,729

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A- Defined benefit plans

The following is the movement on the provision of defined benefit plans:

	2023			
	End of service bonus compensation*	Death and compensation fund**	Compensation bonus for six months	Total
	JD ('000)	JD ('000)	JD ('000)	JD ('000)
Balance as of 1 January	2,302	95,165	1,760	99,227
Service cost	100	10,761	170	11,031
Interest cost	100	4,915	-	5,015
Employees contributions	-	460	-	460
Paid benefits during the year	(118)	(29,752)	(222)	(30,092)
Employee share of payments during the year	-	(460)	-	(460)
Actuarial changes due to experience	-	(821)	(18)	(839)
Actuarial changes due to change in financial assumptions	-	310	71	381
Balance as of 31 December	<u>2,384</u>	<u>80,578</u>	<u>1,761</u>	<u>84,723</u>
	2022			
	End of service bonus compensation*	Death and compensation fund**	Compensation bonus for six months	Total
	JD ('000)	JD ('000)	JD ('000)	JD ('000)
Balance as of 1 January	2,204	113,573	235	116,012
Service cost	100	3,423	1,579	5,102
Interest cost	100	4,379	-	4,479
Employees contributions	-	541	-	541
Paid benefits during the year	(102)	(21,579)	(54)	(21,735)
Employee share of payments during the year	-	(541)	-	(541)
Actuarial changes due to experience	-	1,122	-	1,122
Actuarial changes due to change in financial assumptions	-	(5,753)	-	(5,753)
Balance as of 31 December	<u>2,302</u>	<u>95,165</u>	<u>1,760</u>	<u>99,227</u>

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*During 2011, the Company calculated the provision for employees' end-of-service bonus based on JD 1,000 per each service year for each employee in accordance with the signed agreement with the Jordanian Mines Employees Labor Union on 9 June 2011 and according to the Board of Directors decisions made on the 2 July 2011 and 28 July 2011 which set the end of service bonus basis. The Board of Directors decided in 2018 to grant employees who are included in this program and are still on their jobs, if they wish to terminate their services before 31 December 2018, an incentive by increasing the compensation to become JD 2,000 for each year of service.

End-of-service bonus compensation is earned based on years of service and the liability is determined based on the present value of the gross liability at the date of the consolidated financial statements. The end-of-service bonus compensation using the projected unit credit method.

** During March 2015, the Group established the Death and Compensation Fund in accordance with the Board of Directors resolution. The Fund grants the employees included in the Fund plan upon their retirement, an average of two months' salary as a bonus for each year of service with a maximum of 23 years of service and the bonus amount is determined based on the last salary subject to social security and capped at JD 4,000. The fund objectives are as follow:

- 1- Reducing the cost of employees' salaries.
- 2- Reducing the number of employees in the Company as a technical study showed that Company's operations can be handled with no more than 2,000 employees.
- 3- Multiplicity of compensation schemes for the years (2000-2011) failing to reduce number of employees or cost of salaries.

According to the defined benefit obligation, the Death and Compensation fund's liability is calculated based on year of service and the present value of the defined obligation is determined by discounting estimated future cash flows using the interest rate on high quality governmental bonds.

Significant actuarial assumptions used to determine death and compensation fund liability as of 31 December are as follow:

	2023	2022
Discount rate	6.95% - 7.09%	6.9% - 7.68%
Salary increase rate	3.5% - 6%	3.5% - 6%
Mortality rate	0.12%	0.12%
Resignation rate:		
Up to the age of 34 years	3% - 5%	3% - 5%
From the age of 35 to 49 years	2% - 5%	2% - 5%
Age of 50 years and over	0% - 5%	0% - 5%

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The following table represents sensitivity analysis of changes in significant actuarial assumptions used to determine the present value of death and compensation fund liability as of 31 December:

	Discount rate		Increment salary increase rate		Resignation rate	
	Percentage	Increase (Decrease)	Percentage	Increase (Decrease)	Percentage	Increase (Decrease)
	%	JD ('000)	%	JD ('000)	%	JD ('000)
2023 -						
	+1	(3,945)	+1	4,168	+1	486
	-1	4,402	-1	(4,018)	-1	(519)
2022 -						
	+1	(3,910)	+1	4,241	+1	516
	-1	4,372	-1	(4,098)	-1	(553)

B- Employees' compensations

The table below illustrates the provisions for the defined contribution plans:

	2023		
	Compensation fund*	Engineers specialty allowances**	Total
	JD ('000)	JD ('000)	JD ('000)
Balance as of 1 January	749	18	767
Provision during the year (company's contribution)	68	-	68
Employees contributions	31	-	31
Payments during the year	(17)	-	(17)
Balance as of 31 December	831	18	849
	2022		
	Compensation fund*	Engineers specialty allowances **	Total
	JD ('000)	JD ('000)	JD ('000)
Balance as of 1 January	661	18	679
Provision during the year (company's contribution)	70	-	70
Employees contributions	31	-	31
Payments during the year	(13)	-	(13)
Balance as of 31 December	749	18	767

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* Starting on 1 January 1981, all employees became entitled to be included in the Compensation Fund (ESCF). Amended starting 1 August 1999, to become JD 450 per year. The employer's share was amended to become JD 310 and the employee share JD 140. The Fund's balance as of 31 December 2023 represents the accumulated funds that have vested to the employees; the Company's contributions are recognized as an administrative expense on monthly basis.

** During 1999 the Company calculated the engineers specialty allowances provision, per a value form count of cassation that includes a final verdict to previous Company's employee that makes the Company pay a premium for spatiality for employees as part of end of service indemnity.

C- Employees incentives and retirees' grants

The details of employees' incentives and retirees' grants provision are as follows:

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Employees' incentives provision*	275	275
Retirees' grants provision**	<u>460</u>	<u>460</u>
	<u>735</u>	<u>735</u>

* **Employees incentives provision**

The employees' incentives provision for the year 2011 was calculated based on the Company's Board of Directors decision on 2 July 2011 approved an Early Retirement Incentive Plan for the year 2011 and its associated by-laws (the "Plan"). The Plan is applicable only to those employees who meet its conditions, whereby the Plan may not be combined with either the early retirement incentive plan for the year 2000 or with the end of service bonus. The Plan provides the following benefits to those employees who meet the conditions of the plan:

- 1- Granting a JD 1,000 bonus for each year of service as of the hiring date and until the termination date.
- 2- Granting a JD 1,000 bonus for each year of service as of the termination date until attaining the age of seniority (60 years of age for males and 55 years of age for females).
- 3- Granting a bonus equivalent to four salaries for each year in respect of the first five years of service, a bonus equivalent to three salaries for each year in respect of the second five years of service, a bonus equivalent to two salaries for each year in respect of the third five years of service. For purposes of computing the incentive provided for under the Plan, the remaining years of service must not, in all cases, exceed 10 years for females and 15 years for males.

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- 4- Benefiting from the medical insurance coverage after retirement. Additionally, the employee who does not meet the conditions of the Plan, or the employee who chooses to leave the company and not take advantage of the early retirement program, still has the right to subscribe to the medical insurance coverage after retirement provided that the subscription must be paid in advance.

Whereby eligibility to the plan and its entitlements shall not affect the eligible employee's rights to receive his/her end-of-service benefits including the six-month bonus, the compensation and death fund entitlements, or the savings fund entitlements.

There was no movement on employees' incentives provision during the years 2023 and 2022.

**** Retirees' grants provision**

1- On 29 February 2012, the Company's Board of Directors approved the decision to grant the Company's early retirees who retired on early retirement plan for the year 2000 an amount of JD 5,000 for each retiree.

2- On 20 February 2012, the Company's Board of Directors approved the decision to grant the Company's retirees who retired between the period from 1 January 2002 and 4 June 2011. The amount is calculated based on the following formula and the minimum amount is JD 8,000 for each retiree:

$((50\% \times \text{salary subject to social security} \times \text{years of service}) + (25\% \times \text{salary subject to social security} \times \text{remaining years from the termination date until the age of seniority}))$.

There was no movement on retirees' grants provision during the year 2023 and 2022.

Details of employees' benefit provision in the consolidated statement of income are as follow:

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Cost of Sale	12,811	6,712
Administrative expenses	1,879	793
Selling and marketing expenses	555	265
Russiefah mine expenses	499	102
Other provisions*	370	1,779
	<u>16,114</u>	<u>9,651</u>

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*The details of other provisions included in the consolidated statement of income are as follows:

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
End-of-service bonus compensation provision	200	200
Bonus compensation – six months for subsidiaries	170	1,579
	<u>370</u>	<u>1,779</u>

(17) ACCOUNTS PAYABLE

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Due to foreign suppliers	29,950	50,651
Due to projects' and contractors	21,712	16,714
Due to associate companies (Note 36)	1,916	1,905
Electricity Company	1,749	1,645
Due to local suppliers	964	1,914
Others	6,174	7,107
	<u>62,465</u>	<u>79,936</u>

(18) ACCRUED EXPENSES

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Accrued production bonus	7,491	17,680
Freight and transportation fees	6,084	5,229
Accrued medical insurance for retired employees	4,996	2,449
Accrued agriculture service fees	3,708	3,381
Inventory in transit in custody of contractor (Note 10)	2,338	7,874
Demurrage and unloading expense	1,426	1,468
Loan interest expense	1,214	938
Sales agents' commissions	790	790
Port fees	783	653
Sales rebates	473	356
Accrued medical insurance	313	647
Fuel, electricity and water expenses	287	1,881
Mining fees	-	1,989
Others	2,465	3,455
	<u>32,368</u>	<u>48,790</u>

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(19) OTHER CURRENT LIABILITIES

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Provision for settlements with contractors	15,000	15,000
Deposits and other provisions	12,380	12,679
Provisions for associate companies	7,267	7,267
Others	4,787	5,668
	<u>39,434</u>	<u>40,614</u>

(20) DUE TO BANKS

This balance represents the utilized amount of overdraft facilities granted by local banks. The ceiling amounted to JD 34,500 thousand as of 31 December 2023 (2022: JD 34,500 thousand) for the JD accounts, and USD 71,500 thousand which amounted to JD 50,622 thousand as of 31 December 2023 (2022: USD 71,500 thousand which amounted to JD 50,622 thousand) for the USD accounts. Average interest rates on those overdrafts facilities ranged between 6.5% to 10.9% in 2023 (2022: between 6.5% and 10.9%) for the JD accounts, and SOFR from 5% to 7.75% plus 2% for the USD accounts.

(21) INCOME TAX

Income tax expense presented in the consolidated income statement represents the following:

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Current year income tax	158,256	224,322
Amount released from deferred tax asset	12,024	4,603
Prior years income tax	-	3,105
Deferred tax assets additions	(3,460)	(5,247)
	<u>166,820</u>	<u>226,783</u>

(A) Income tax provision

Movement on the provision for income tax is as follows:

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Balance at 1 January	157,404	85,838
Income tax expense for the year	158,256	224,322
Prior years income tax	-	3,105
Transfer to other debit balances	-	8,528
Exemptions from fees and fines	-	(1,584)
Income tax paid	(205,982)	(162,805)
Balance at 31 December	<u>109,678</u>	<u>157,404</u>

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(B) Reconciliation of the accounting profit to taxable profit

The details of computed income tax are as follows:

	Reconciliations						
	Phosphate	Fertilizer	Indo Jordan	Nippon Jordan	Al Ro'ya	between subsidiaries	Total
2023 -	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)
Accounting profit	493,554	30,592	71,043	6,477	1,769	10,213	613,648
Non-taxable profits	(80,218)	(9,462)	(26,860)	(6,477)	-	-	(123,017)
Non-deductible expenses	93,892	8,427	-	-	-	-	102,319
Taxable income	507,228	29,557	44,183	-	1,769	10,213	592,950
Provision for income tax	148,725	1,756	7,420	-	355	-	158,256
Effective income tax rate	30%	6%	10%	-	20%	-	26%
Enacted income tax rate	31%	6%	18%	-	21%	-	6%-31%
2022-							
Accounting profit	696,432	117,971	126,553	8,696	1,239	(6,963)	943,928
Non-taxable profits	(103,449)	(7,823)	(73,815)	(8,696)	-	-	(193,783)
Non-deductible expenses	85,475	9,158	-	-	-	-	94,633
Taxable income	678,458	119,306	52,738	-	1,239	(6,963)	844,778
Provision for income tax	207,042	7,317	9,703	-	260	-	224,322
Effective income tax rate	30%	6%	8%	-	21%	-	24%
Enacted income tax rate	31%	6%	18%	-	21%	-	6%-31%

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(C) Deferred tax assets

Movement on the deferred tax assets is as follows:

	2023 JD ('000)	2022 JD ('000)
Balance at 1 January	38,890	39,138
Additions during the year	3,460	5,247
Released from other comprehensive income items	(267)	(892)
Released during the year	(12,024)	(4,603)
Balance at 31 December	30,059	38,890

(D) Tax Status

Phosphate Unit

The income tax provision for the years ended 31 December 2023 and 2022 was calculated in accordance with income tax law No. (34) for 2014 and its amendments. Noting that under the amended law the tax rate was adjusted starting from January 2020 to become 24% income tax + 7% national contribution. The Company submitted its' tax declarations for the Phosphate Unit up to 2022. The Income and Sales Tax Department has not reviewed the records of the Phosphate Unit for the years 2022, 2021, 2020 and 2019 up to the date of the preparation of consolidated financial statements. A final settlement was reached up to the year 2018.

Fertilizer Unit

The income tax provision for the years ended 31 December 2023 and 2022 was calculated in accordance with the Aqaba Special Economic Zone Law No. (32) for 2000 and its amendments. The Company submitted its' tax declarations for the Fertilizers Unit up to 2022. A final settlement was reached up to the year 2020. The Income and Sales Tax Department has not reviewed the records of the Phosphate Unit for the years 2022 and 2021 up to the date of the preparation of consolidated financial statements.

Indo Jordan Chemicals-

The income tax provision for the years ended 31 December 2023 and 2022 has been calculated in accordance with income tax law number (34) for 2014 and its amendments. The company submitted its' tax declarations for the year 2022 and the company reached a final settlement with the Income Tax Department until the end of 2018.

Nippon

No income tax provision was calculated for the years ended 31 December 2023 and 2022 since the company is exempted from income tax in accordance with Aqaba Special Economic Zone Authority law.

Ro'ya for transportation

The income tax provision for the years ended 31 December 2023 and 2022 has been calculated in accordance with the income tax law number (34) for the year 2014 and its amendments. The Company has submitted its' tax declarations for the year 2022 and has a reached a settlement with income tax department until the end of 2018.

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(22) NET SALES/ COST OF SALES

	2023		
	Net sales	Cost of sales	Gross profit
	JD ('000)	JD ('000)	JD ('000)
Phosphate unit	698,094	101,656	596,438
Fertilizers unit	261,757	227,045	34,712
Indo Jordan Chemicals Company	128,590	59,363	69,227
Nippon Jordan Fertilizers Company	127,810	118,175	9,635
Trading in raw materials	12,983	10,591	2,392
	<u>1,229,234</u>	<u>516,830</u>	<u>712,404</u>
	2022		
	Net sales	Cost of sales	Gross profit
	JD ('000)	JD ('000)	JD ('000)
Phosphate unit	914,092	124,453	789,639
Fertilizers unit	453,002	330,725	122,277
Indo Jordan Chemicals Company	205,713	77,618	128,095
Nippon Jordan Fertilizers Company	149,361	135,929	13,432
Trading in raw materials	26,097	23,615	2,482
	<u>1,748,265</u>	<u>692,340</u>	<u>1,055,925</u>
	2023		2022
	JD ('000)		JD ('000)
Finished goods as at 1 January (Note 10)	72,431		41,220
Production costs (Note 32)	502,465		723,551
Finished goods as at 31 December (Note 10)	<u>(58,066)</u>		<u>(72,431)</u>
Cost of sales for the year ended 31 December	<u>516,830</u>		<u>692,340</u>

Fertilizer unit's production costs include the amounts of JD 2,369 thousand and JD 2,404 thousand for 2023 and 2022 respectively, which represent mining fees on rock phosphate used in the fertilizer unit production (Note 26).

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(23) SELLING AND MARKETING EXPENSES

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Export department expenses	1,006	799
Loading and unloading expenses	760	884
Bank charges on letters of credit	597	836
Income tax on marine freight	486	654
Packaging materials	481	433
Demurrage marine late expenses	474	534
Governmental fees on agriculture services	292	350
Other sales and marketing expenses	2,161	1,830
	<u>6,257</u>	<u>6,320</u>

(24) ADMINISTRATIVE EXPENSES

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Salaries and wages	7,706	8,536
Post-retirement health insurance contribution	7,180	4,215
The Company's contribution to the six-month compensation bonus	3,431	2,151
The Company's contribution to employees' benefits provisions	1,879	793
Social security contribution	736	970
Employees saving fund contributions	221	227
Medical expenses	312	209
Employees' health insurance fund contributions	144	120
Legal expenses and lawyer fees	704	1,497
Scientific research and development	633	586
Maintenance and administrative expenses	378	330
Fees, taxes and stamps	325	476
Travel and per-diems	319	281
Subscriptions and exhibitions	246	324
Depreciation (Note 3A)	168	385
Stationery and printings	131	58
Utilities	127	112
Hospitality	121	147
Advertising	74	61
Insurance fees	50	47
Post and telephone	48	51
Rent	38	217
Others	4,397	6,206
	<u>29,368</u>	<u>27,999</u>

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(25) RUSSIEFAH MINE EXPENSES

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Scientific research and development	1,156	990
Salaries and wages	74	325
Social security contribution	9	10
Depreciation (Note 3A)	7	6
Company's contribution in saving fund	3	4
Security and protection	-	83
Others	115	84
	<u>1,364</u>	<u>1,502</u>

(26) MINING FEES

The Group is subject to mining fees to the Jordanian Government on each ton of phosphate rocks exported, sold locally or used in the Group's projects. Mining fees are calculated as 5% of gross revenue or JD 1.42 per ton of phosphate, whichever is higher.

Mining fees incurred for the years 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Mining fees on sold phosphate	37,859	49,215
Mining fees on phosphate used by the Fertilizers unit (Note 22)	2,369	2,404
	<u>40,228</u>	<u>51,619</u>

(27) OTHER INCOME, NET

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Income from settlement with contractors	5,544	-
Income from termination of lease contracts (Note 3B)	4,457	-
Recovered from accruals and provisions	3,899	1,716
Income from settlement of insurance claims	1,611	72
Dividends income	127	58
Gain on sale and liquidation of associates, net	-	2,819
Marine loading speed bonus	1,289	2,788
Income from sale of production waste	294	889
Net loss from sales of water and energy	(2,700)	(1,945)
Others	3,817	3,244
	<u>18,338</u>	<u>9,641</u>

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(28) FINANCE COSTS

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Interest on lease obligations (Note 3B)	3,802	4,113
Interest on loans	3,114	2,318
Bank interest and charges – due to banks	1,300	759
Present value discount for asset deferral cost (Note 6)	657	679
Present value discount on employees housing loan (Note 7)	-	569
	<u>8,873</u>	<u>8,438</u>

(29) FINANCE INCOME

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Interest income on banks' current accounts and deposits	39,396	10,409
Interest on loans and accounts receivable	1,759	46
Present value discount on employees housing loan (Note 7)	25	-
	<u>41,180</u>	<u>10,455</u>

(30) EARNINGS PER SHARE

	<u>2023</u>	<u>2022</u>
Profit for the year attributable to Company's shareholders (thousand JD's)	445,533	715,406
Weighted average number of shares during the year (thousand shares)	<u>247,500</u>	<u>247,500</u>
	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic earnings per share*	<u>1/800</u>	<u>2/891</u>

* The diluted earnings per share attributable to Company's shareholders are equal to the basic earnings per share.

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(31) SEGMENT INFORMATION

The operating segments are organized and managed separately according to the nature of the products and services provided. Each segment represents a separate unit which is measured according to the reports used by the chief operating decision maker of the Group.

The Phosphate Unit extracts mines and sells phosphate to local and international markets and to associated companies.

The Fertilizer Unit purchases the phosphate from the Phosphate Unit and uses it in the production of Fertilizers, Phosphoric Acid and Aluminum Fluoride to be sold to international and local markets and to associated companies.

Indo-Jordan (Subsidiary) produces phosphoric acid and other chemical by-products and sells them to international markets and associated companies.

Nippon (Subsidiary) produces fertilizers and other chemical by-products and sells to international and associated companies.

The raw material trading unit purchases raw materials and explosives and uses them in mining and fertilizers production as well as selling them in local and international markets and to associated companies.

	Phosphate unit	Fertilizers unit	Indo- Jordan Chemicals	Nippon Jordan Fertilizers	Others	Trading in raw materials	Eliminations	Total
	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)
2023 -								
Revenues								
External sales	698,094	261,757	128,590	127,810	-	12,983	-	1,229,234
Inter-segment sales	106,472	18,250	76,775	-	-	19,555	(221,052)	-
Total Sales	804,566	280,007	205,365	127,810	-	32,538	(221,052)	1,229,234
Gross profit	596,438	34,712	69,227	9,635	-	2,392	-	712,404
Segment results								
Non-recurring profit	18,507	-	-	-	-	-	-	18,507
Profit before income tax	493,547	28,206	71,044	6,477	1,769	2,392	10,213	613,648
Profit for the year	336,458	26,250	63,624	6,477	1,414	2,392	10,213	446,828
Group share of profit from associates and joint ventures	29,669	-	-	-	-	-	-	29,669
Non-controlling interest	1,295	-	-	-	-	-	-	1,295
Capital expenditures	2,797	15,839	5,914	961	-	-	-	25,511
Depreciation	3,116	6,024	3,250	194	2	-	-	12,586
Depreciation of right of use assets	4,447	254	116	89	-	-	-	4,906

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	Phosphate unit JD ('000)	Fertilizers unit JD ('000)	Indo- Jordan Chemicals JD ('000)	Nippon Jordan Fertilizers JD ('000)	Other JD ('000)	Trading in raw materials JD ('000)	Eliminations JD ('000)	Total JD ('000)
2022 -								
Revenues								
External sales	914,092	453,002	205,713	149,361	-	26,097	-	1,748,265
Inter-segment sales	118,861	26,746	102,799	-	-	38,562	(286,968)	-
Total Sales	1,032,953	479,748	308,512	149,361	-	64,659	(286,968)	1,748,265
Gross profit	789,639	122,277	128,095	13,432	-	2,482	-	1,055,925
Segment results								
Non-recurring profit	4,403	-	-	-	-	-	-	4,403
Profit before income tax	696,434	115,492	126,553	8,697	1,239	2,476	(6,963)	943,928
Profit for the year	486,863	108,243	116,850	8,697	979	2,476	(6,963)	717,145
Group share of profit of associates and joint ventures	76,784	-	-	-	-	-	-	76,784
Non-controlling interest	1,739	-	-	-	-	-	-	1,739
Capital expenditures	3,872	10,911	5,761	356	1	-	-	20,901
Depreciation	3,039	5,378	3,053	739	5	-	-	12,214
Depreciation of right of use assets	4,519	254	116	89	-	-	-	4,978

	Phosphate unit JD ('000)	Fertilizers unit JD ('000)	Indo-Jordan JD ('000)	Nippon JD ('000)	Other JD ('000)	Total JD ('000)
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Assets and liabilities as at 31 December 2023

Operating assets	1,136,502	249,504	369,000	45,591	8,941	1,809,538
Investment in associates and joint ventures	335,510	-	69	-	-	335,579
Liabilities	359,737	73,542	23,062	3,960	896	461,197

	Phosphate unit JD ('000)	Fertilizers unit JD ('000)	Indo-Jordan JD ('000)	Nippon JD ('000)	Other JD ('000)	Total JD ('000)
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Assets and liabilities as at 31 December 2022

Operating assets	1,075,659	278,212	308,910	36,430	7,498	1,706,709
Investment in associates and joint ventures	365,104	-	23	-	-	365,127
Liabilities	455,633	97,933	28,382	4,218	1,188	587,354

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Geographical segments

Following is a summary of sales by geographical areas:

	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Raw materials	Total
	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)
2023						
Asia	492,068	159,846	117,168	77,139	-	846,221
Australia	5,257	-	-	25,465	-	30,722
Europe	25,577	13,175	-	20,819	-	59,571
Africa	-	2,464	40	3,231	-	5,735
South America	24,801	-	-	-	-	24,801
North America	-	83,893	-	-	-	83,893
Associated and joint ventures companies	150,374	-	-	-	-	150,374
Others	17	2,379	11,382	1,156	12,983	27,917
	<u>698,094</u>	<u>261,757</u>	<u>128,590</u>	<u>127,810</u>	<u>12,983</u>	<u>1,229,234</u>
	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Raw materials	Total
	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)
2022						
Asia	628,851	386,980	187,843	69,688	-	1,273,362
Australia	11,270	-	-	17,632	-	28,902
Europe	32,058	16,518	1	22,970	-	71,547
Africa	-	11,520	7,656	3,179	-	22,355
South America	17,801	5,458	367	35,749	-	59,375
North America	-	28,001	-	-	-	28,001
Associated and joint ventures companies	224,026	-	-	-	-	224,026
Others	86	4,525	9,846	143	26,097	40,697
	<u>914,092</u>	<u>453,002</u>	<u>205,713</u>	<u>149,361</u>	<u>26,097</u>	<u>1,748,265</u>

The Group operates in the Hashemite Kingdom of Jordan; accordingly, all of its assets and liabilities are within the territory of Jordan, except for the Indonesian project – Petro Jordan Abadi Company and which is located in Indonesia.

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(32) PRODUCTION COSTS

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Work in progress beginning balance	10,877	6,792
Add:		
Raw materials	193,327	367,900
Mining contractors	133,648	160,763
Salaries and other benefits	71,118	84,688
Utilities	24,952	18,987
Fuel and oil	22,136	15,085
Spare parts and consumables	13,741	21,833
Depreciation	12,348	11,765
Raw materials purchases	10,591	23,615
Others	22,530	23,000
Less: Work in progress ending balance (Note 10)	(12,803)	(10,877)
	<u>502,465</u>	<u>723,551</u>

(33) SALARIES AND EMPLOYEES BENEFITS

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Salaries and allowances	51,980	55,845
End-of-service, indemnity fund, death fund and other compensations	15,744	14,530
Production bonus*	7,491	17,680
Social security contribution	6,839	7,635
Paid end-of-service indemnity	3,601	3,730
Employees medical expenses	2,353	2,652
Saving Fund	2,028	2,123
Employees family's health insurance	1,968	2,041
Employees meals subsidy	875	554
Present value of end-of-service bonus compensation	200	200
	<u>93,079</u>	<u>106,990</u>

* Production bonus was calculated at a percentage of 2% of adjusted net income for Jordan Phosphate Mines Company, Indo Jordan Chemicals Company and Nippon Jordan Fertilizers Company separately. Production bonus expense for the year 2023 amounted to JD 6,298 for Jordan Phosphate Mines Company, JD 1,066 thousand for Indo Jordan Chemicals Company and JD 127 thousand for Nippon Jordan Fertilizers Company.

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(34) NEW PHOSPHATE PORT TERMINAL EXPENSES

	2023	2022
	JD ('000)	JD ('000)
Amortizations (Note 6)	6,361	6,361
Salaries, wages and other benefits	2,786	2,665
Water and electricity	1,755	1,911
Property and equipment insurance	1,351	937
Rent and workers' wages	77	406
Others	1,372	2,521
	<u>13,702</u>	<u>14,801</u>

(35) COMMITMENTS AND CONTINGENCIES

Guarantees and letters of credit

On the date of the consolidated financial statements, the Group has potential contingencies in the form of letters of credit and issued guarantees as at 31 December 2023 with an amount of JD 38,195 thousand and JD 15,445 thousand respectively (31 December 2022: JD 110,708 thousand and JD 14,983 thousand respectively).

The Group has guaranteed the syndicated bank loan and credit facilities granted to the Jordan Abyad Fertilizers and chemicals Company (Associate Company) managed by Jordan Ahli Bank with a percentage of 130% of its share of the Company's capital amounting to 27.38%, as the Group's share until the date of 31 December 2023 amounted to JD 13,688. On 16 November 2016, Jordan Ahli Bank recorded an amount of JD 7,639 thousand to the Company's account, which represents the syndicated bank loan installment and credit facilities granted and interest due on the Company, except that the company does not have active balances with Jordan Ahli Bank as at 31 December 2023 and 2022. Accordingly, an agreement between Jordan Abyad Fertilizers and Chemicals Company, and Jordan Ahli Bank has been reached to reschedule loans granted to the Company, also an agreement between the partners and the bank has been reached to consider the payment that the bank recorded on 16 November 2016 on the Jordan Phosphate company account as part of the debt that was rescheduled and due on the Jordan Abyad Fertilizers and Chemicals Company.

In addition, the group has taken a provision against its share of the Company's capital according to the requirements of IFRS (9) due to the substantial uncertainty about the ability of the Jordan Abyad Fertilizers and Chemicals Company to continue its operation as a going concern entity. Knowing that by the end of year 2019, the Jordan Abyad Fertilizers and Chemicals Company was unable to pay the interest due on loans.

Jordan Ahli bank has filed a lawsuit against Abyad Company and its guarantor shareholders to claim due payments on the syndicated loan (Finance lease).

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During 2011, the Group guaranteed the loan granted to the Petro Jordan Abadi – The Indonesian Project with its percentage share in the company capital which amounts to 50%. As of 31 December 2023, the value of the Groups shares amounted to JD 20,721 thousand.

The Group recorded provision against probable contingent liabilities that may raise from letters of credit and issued guarantees amounted to JD 32,500 thousand as of 31 December 2023 (2022: JD 32,500 thousand). There was no movement on the provision for the years ended 31 December 2023 and 2022.

Litigation

The Group is a defendant in a number of lawsuits and claims in the ordinary course of business totaling approximately to JD 665 thousand as of 31 December 2023 (2022: JD 739 thousand). The management of the Group believes that these lawsuits will not have a material effect on the consolidated financial statements.

Moreover, the Group has litigations related to transactions with main contractors and suppliers of the Group, the summary of these litigations are as follows:

Manajem for Mining Development (Associate)

The Group is plaintiff:

In August 2017, the Company filed a lawsuit against Manajem for Mining Development in the amount of JD 99,046 thousand as a result of breaching the execution of Phosphate Mining Contract (removal of overburden, Mining and crushing Phosphate A1, A2, A3) in area number (1) which located in Mine number (2) North of Shidya Mine) in addition to compensation of damages resulted from contract breach by Manajem as estimated based on technical experience. The case is pending at the court.

In December 2022, the Company filed a lawsuit against Manajem for Mining Development (Associate Company) as a claim on Company's share from dividends distributed in general assembly meeting dated 28 October 2020 in addition to the consequent delay benefits. The first instance court decided to obligate Manajem for Mining Development with the accrued amounts in addition to the legal interest. Subsequent to the consolidated financial statements date, the defendant paid an amount of JD 6,440 thousand which represents the Company's accrued dividends. The case is still pending at the appellate court.

The Group is defendant:

During November of 2019, Manajem filed a lawsuit against Jordan Phosphate Mines Company on the subject of a financial claim of JD 3,558 thousand. The court decided to dismiss the case. The plaintiff has submitted a request to appeal the decision. The case is still pending at the appellate court.

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During February 2020, Manajem for Mining Development Company filed a lawsuit against the Jordan Phosphate Mines Company on the subject of a financial claim worth JD 82,500 thousand regarding value of works completed, constructions, buildings, machinery and equipment, maintenance, spare parts, maintenance, decrease in value, costs incurred, loss of benefits and compensation for material and moral damages. The court decided to dismiss the case on 23 October 2023. The plaintiff has submitted a request to appeal the decision. The case is still pending at the appellate court.

During September 2020, Manjem for Mining Development Company filed a lawsuit against Jordan Phosphate Mines Company on the subject of a financial claim worth JD 2,359 thousand regarding value of works completed according to tenders. Jordan Phosphate Mines Company has deposited an amount of JD 1,152 thousand at the court fund in account of the aforementioned lawsuit in order to settle all the claims listed in the lawsuit's list. The lawsuits are still pending at the court.

During June 2021, Manjem for Mining Development Company filed a lawsuit against Jordan Phosphate Mines Company on the subject of a financial claim worth JD 19,917 thousand regarding value of works completed according to tenders. Subsequent to the consolidated financial statements date, The Company has handed the court a cheque for the plaintiff in an amount JD 13,800 thousand. The lawsuit is still pending at the court.

Manajem for Mining Development Company and Jordan Economic Development and Trading Company (Comedat) filed a lawsuit against Jordan Phosphate Mines Company on the subject of financial claim worth JD 50,000 thousand in compensation for breach of its obligation under the partners' agreement concluded between the Company and the plaintiffs. The case is pending at the court.

Jordan Ahli bank

Jordan Ahli bank filed lawsuits against Abyad Company (Associate Company) and its guarantor shareholders to claim due payments on the syndicated loan (Finance lease) worth JD 26,727 thousand, US dollars 23,554 thousand, JD 823 thousand and US dollars 15,266 thousand. During May 2023 the court decided to obligate the Company jointly and solidarity with Abyad Company (Associate Company) to pay JD 20,739 and US dollars 23,177 to Jordan Ahli bank within the limits of its share of the guarantee. The Company submitted a request to appeal the court decision. The lawsuit is still pending noting that precautionary seizure was placed on a part of the company's immovable funds. The Group maintains a provision of an amount of JD 13,688 thousand, which represents the group's share of the loan guarantee included within other provisions. Moreover, during December 2022 the court decided to obligate the Company jointly and solidarity with Abyad Company (Associate Company) to pay JD 453 thousand, JD 349 thousand, US dollars 4,368 and US dollars 10,814 thousand to Jordan Ahli bank within the limits of its share of the guarantee. The Company submitted a request to appeal the court decision and the case is still pending at the appellate court.

Jordan Economic Development and Trading Company (Comedat)

Jordan Economic Development and Trading Company (Comedat) filed a lawsuit against Jordan Phosphate Mines Company on the subject of a claim worth JD 300 thousand as a result of excluding the plaintiff from the proposed tenders and excluding the plaintiff offers to enter the proposed tenders. The lawsuit is still pending at the court.

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Obligations related to rehabilitation of mines and factories

The Group's activities are represented in industrial and mining rights, which may have an impact on the environment. The Group performed the environmental impacts study, and in the opinion of the management, there are no impacts that may result in environmental obligations, as at 31 December 2023.

(36) RELATED PARTY TRANSACTIONS

Related parties represent balances with associated companies, joint ventures, major shareholders, directors and key management of the Group and the companies in which they are major shareholders.

The Group entered into transactions with the associates, joint ventures, related parties and the Hashemite Kingdom of Jordan government in its normal course of business with pricing, policies and term.

The following is a summary of related parties' transactions for the years ended 31 December 2023 and 2022:

	Related parties			Total	
	Associate companies and joint ventures	Government of Jordan*	Others**	2023	2022
	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)
<u>Consolidated statement of financial position items:</u>					
Accounts receivable***	54,182	-	30,161	84,343	99,356
Accounts payable	1,916	-	-	1,916	2,981
Loans receivable ***	13,460	-	-	13,460	13,460
Accrued expenses	-	4,819	-	4,819	6,351
Other debit balances	-	29,834	-	29,834	50,000
<u>Off consolidated statement of financial position items:</u>					
Guaranteed loans	34,409	-	-	34,409	39,188
<u>Consolidated statement of income items:</u>					
Sales	150,374	-	316,936	467,310	663,387
Purchases	14,417	-	-	14,417	28,495
Mining fees	-	40,228	-	40,228	51,619
Port fees	-	5,035	-	5,035	5,135
Other income	6,260	-	-	6,260	5,851
Land lease	-	8,708	-	8,708	9,091

* The Group purchases goods and services from companies /institutions owned by the Government of Jordan (Major shareholders). The total amounts paid to these companies / institutions amounted to JD 392,351 thousand and JD 402,269 thousand for the years ended 31 December 2023 and 2022 respectively.

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** Others include balances and transactions with Jordan Phosphate Mines Company partners in associated companies and projects.

*** Balances of accounts and loans receivable are shown in net after deducting expected credit loss amounted to JD 9,717 thousand and JD 7,018 thousand as of 31 December 2023 (2022: JD 14,322 thousand and JD 7,018 thousand). Expected future cash inflows from Jordan Abyad Fertilizers Company's loan was discounted using the market weighted average interest rate.

The following is a summary of the compensation (salaries, wages and other benefits) of the key management personnel, Departments managers and Group's board of directors:

	2023	2022
	JD ('000)	JD ('000)
Salaries and bonuses of senior executive management and departments managers	1,183	814
Bonuses and transportation of the Board of Directors	1,761	1,281

The value of end-of-service indemnity compensation paid to key management personnel whose service ended during 2023 amounted to JD 413 thousand (2022: JD 310 thousand).

Main transactions with the Government of Jordan:

The nature of the main transactions with related parties was as follows:

- The Company is liable to pay mining fees to the Government of Jordan at rates determined by the government from time to time.
- The Company has leased the lands on which the mining activities are performed at Sheydieh, Hasa and Abyad mines from the Treasury / Department of Land and Survey.
- The Company has leased the land which the Industrial complex was built on from the Aqaba Development corporation Company/Aqaba Special Economic Zone Authority.
- The Company has leased the land which the New Phosphate Port was built on from the Aqaba Development Corporation Company/ Aqaba Special Economic Zone Authority for (Note 6).

(37) MATERIAL PARTLY OWNED SUBSIDIARIES

The Group has only one subsidiary which has a material non non-controlling interest balance as follows:

Company name	Country of incorporation	Nature of activity	Non-controlling interest	
			2023	2022
			JD ('000)	JD ('000)
Nippon Jordan Fertilizers Company Limited	Jordan	Production and sale of fertilizers and chemical by-products	20%	20%

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Summarized financial information of these subsidiaries are provided below. This information is based on amounts before inter-company elimination.

Accumulated balances of non-controlling interest	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Nippon Jordan Fertilizers Company Limited	7,053	5,792
	<u>7,053</u>	<u>5,792</u>
Profit attributable to non-controlling interest	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Comprehensive income of Nippon Jordan Fertilizers Company Limited	1,261	1,826
	<u>1,261</u>	<u>1,826</u>

A. Financial position

	<u>2023</u>	<u>2022</u>
	JD ('000)	JD ('000)
Current assets	40,880	35,687
Non-current assets	5,563	4,886
Current liabilities	(8,224)	(9,060)
Non-current liabilities	(3,062)	(2,658)
	<u>107</u>	<u>107</u>
Difference between book and market value at acquisition	<u>107</u>	<u>107</u>
Total equity	<u>35,264</u>	<u>28,962</u>
Non-controlling interest in equity	<u>7,053</u>	<u>5,792</u>

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B. Profit and loss

	2023	2022
	JD ('000)	JD ('000)
Sales revenue	127,810	149,361
Cost of sales	(118,462)	(135,207)
Gross profit	9,348	14,154
Sales and marketing expenses	(1,397)	(1,431)
Administrative expenses	(1,579)	(1,692)
Operating profit	6,372	11,031
Interest revenue	501	7
Finance cost	(438)	(162)
Other revenues	94	108
Death and compensation funds provision	-	(2,298)
Provision for Inventory impairment	(52)	10
Profit for the year	6,477	8,696
Other comprehensive income items	(172)	435
Total comprehensive income	6,305	9,131
Total comprehensive income attributable to non-controlling interest	1,261	1,826

C. Statement of cash flow

	2023	2022
	JD ('000)	JD ('000)
Operating activities	16,991	5,122
Investing activities	(496)	(350)
Financing activities	(315)	(250)
Net increase in cash and cash equivalents	16,180	4,522

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(38) ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisition of additional interest in the Nippon Jordan Fertilizers Limited Liability Company:

During December 2021, the Company acquired an additional 10% interest in the voting shares of Nippon Fertilizers Company, increasing its ownership interest to 80%. Cash consideration of JD 948 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Nippon was JD 18,720 thousand. Following is a schedule of additional interest acquired in Nippon:

	<u>JD ('000)</u>
Carrying value of the additional interest	1,872
Cash consideration paid to non-controlling interest	<u>(948)</u>
Reserve arising from the acquisition of non-controlling interests	<u>924</u>

(39) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments include financial assets and financial liabilities.

Financial assets include cash on hand and at banks, accounts receivables, debit loans, employees housing loans, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and some other current assets. Financial liabilities include loans, due to banks, accounts payable, lease liabilities and other current liabilities.

Book values of financial instruments do not materially vary from their fair value.

The Group uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

- 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.

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The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Level 1	Level 2	Level 3	Total
	JD ('000)	JD ('000)	JD ('000)	JD ('000)
2023-				
Financial assets				
Financial assets at fair value through other comprehensive income	38	-	266	304
Financial assets at fair value through profit or loss	374	-	-	374
2022-				
Financial assets				
Financial assets at fair value through other comprehensive income	119	-	266	385
Financial assets at fair value through profit or loss	434	-	-	434

(40) RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk that results from the changes in market value or future cash flows of financial instruments as a result of changes in interest rate.

The Group is exposed to interest rate risk on its interest-bearing assets and liabilities (bank deposits, bank overdraft and term loans).

The sensitivity of the consolidated income statement is the effect of the possible assumed changes in interest rates on the group's profit for one year, and it is calculated on financial assets and liabilities bearing a variable interest rate as of 31 December 2023 and 2022.

The following table summarizes the sensitivity analysis for the changes in the interest rates over the profit and loss for the Group as of 31 December with all other variables held constant:

	Increase in interest	
	rates	Effect on profit
2023-	Basis points	JD'(000)
Currency		
JOD	100	7,394
USD	100	296

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2022	Increase in interest	
	rates	Effect on profit
	Basis points	JD'(000)
Currency		
JOD	100	5,212
USD	100	1,339

The effect of the decrease in the interest rates by 100 basis points is expected to be equal and opposite to the effect of the increases shown above.

Share price risk

The following table demonstrates the sensitivity of the Group's consolidated statement of income (for financial assets at fair value through profit or loss) and cumulative changes in fair value (for financial assets at fair value through other comprehensive income) to reasonably possible changes in equity prices, with all other variables held constant.

	<i>Change in Index</i>	<i>Effect on Profit</i>	<i>Effect on Equity</i>
	%	JD ('000)	JD ('000)
2023- Index			
Amman Stock Exchange	5	19	2
2022- Index			
Amman Stock Exchange	5	22	6

The effect of decreases in equity prices with the same percentages is expected to be equal and opposite to the effect of the increases shown above.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Accounts Receivables

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The majority of the Group's sales are carried out through letters of credit.

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The Group sells its products to a large number of phosphate and fertilizers customers. Its largest 7 customers account for 44% of outstanding accounts receivable as at 31 December 2023 (2022: largest 7 customers account for 72%).

Other financial assets

For credit risks resulted from other financial assets, which includes cash and bank deposits. The Group exposure results from the risk that one party fail to discharge obligations that equals the net book value of these financial assets.

Liquidity risk

Liquidity risk is defined as the Group failure to provide the required funding to cover its obligations at their respective due dates.

The Group manages its liquidity risk by ensuring that bank facilities are available when needed.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2023 and 2022, based on contractual payment dates and current market interest rates.

As of 31 December 2023	Less than	3 to 12	1 to 5	More than 5	Total
	3 months	months	years	years	
	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)
Due to banks	36	1,349	-	-	1,385
Accounts payable	62,465	-	-	-	62,465
Accrued expenses	32,368	-	-	-	32,368
Employees' benefits provisions	-	36,211	15,380	143,874	195,465
Loans payable	1,396	4,187	36,183	4,277	46,043
Lease contracts liabilities	1,131	5,881	26,417	34,781	68,210
Total	97,396	47,628	77,980	182,932	405,936

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As of 31 December 2022	Less than	3 to 12	1 to 5	More than 5	Total
	3 months	months	years	years	
	JD ('000)	JD ('000)	JD ('000)	JD ('000)	JD ('000)
Due to banks	12	469	-	-	481
Accounts payable	79,936	-	-	-	79,936
Accrued expenses	48,790	-	-	-	48,790
Employees' benefits provisions	-	44,865	10,624	110,050	165,539
Term loans	3,288	12,184	34,884	9,775	60,131
Lease contracts liabilities	1,121	6,099	36,100	42,631	85,951
Total	133,147	63,617	81,608	162,456	440,828

Currency risk

Most of the Group's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar exchange rate is fixed against the US Dollar (USD 1/41 JD).

(41) 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. The Company's General Assembly approved in its extra ordinary meeting held during 2023 the increase of Company's capital by capitalizing an amount of JD 165,000 thousand from retained earnings balance which represents 200% of authorized, subscribed and issued capital and to distribute it as stock dividends to the shareholders. the authorized, subscribed and issued capital balance become JD 247,500 thousand as of 31 December 2023 (Note 14).

Capital comprises paid in capital, statutory reserve, voluntary reserve, special reserve, acquisition of non-controlling interest reserve and retained earnings, and is measured at JD 1,677,224 thousand as at 31 December 2023 (2022: JD 1,478,966 thousand).

(42) DIVIDENDS

The General Assembly approved in its ordinary meeting held on 4 April 2023 to distribute cash dividends to shareholders amounted to 300% of the stock par value from 2022 profits.

The General Assembly approved in its extra ordinary meeting held on 4 April 2023 to distribute free shares amounted to 200% of the stock par value. Also, the General Assembly approved the increase of Company's capital by capitalizing an amount of JD 165,000 thousand from retained earnings balance which represents 200% of authorized, subscribed and issued capital and to distribute it as stock dividends to the shareholders. the authorized, subscribed and issued capital balance become JD 247,500 thousand.

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The Group's General Assembly approved in its ordinary meeting held on 26 April 2022 to distribute dividends to its shareholders amounted to 200% of the stock par value from 2021 profits.

(43) Comparative figures

Some of 2022 figures have been reclassified in order to conform with the presentation of 2023 figures. Such classification does not affect previously reported profit or equity for the year 2022.

(44) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The 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 standards, if applicable, when they become effective.

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

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not 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 be 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 Group's consolidated financial statements.

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The 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 Group's consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

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

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

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