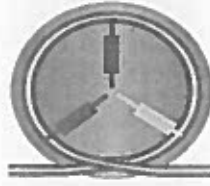


THE JORDANIAN ELECTRIC POWER COMPANY LIMITED

MECCA STR.
RAGHADAN BLDG.
TEL. 009625503600
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P.O. BOX 618
ZIP CODE 11118
AMMAN- JORDAN

Our Ref.: 6/3/2/3/67
Date: 31/3/2019

To: Jordan Securities Commission
Amman Stock Exchange

Subject: Audited Financial Statements for the fiscal
year ended 31/12/2018

Kindly Find Attached the Audited Financial Statements of the JORDAN ELECTRIC
POWER COMPANY LIMITED for the fiscal year ended 31/12/2018.

Kindly accept our high appreciation and respect

Jordan Electric Power Company Limited

بورصة عمان	
الدائرة الإدارية والمالية	
الديوان	
٢٠١٩ آذار ٣١	
1676	الرقم المتسلسل:
31004	رقم الملف:
66666	الجهة المختصة:

**JORDAN ELECTRIC POWER COMPANY
AND IT'S SUBSIDIARY (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN- JORDAN**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2018
TOGETHER WITH THE INDEPENDENT
AUDITORS' REPORT**

**JORDAN ELECTRIC POWER COMPANY
AND IT'S SUBSIDIARY (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN- JORDAN**

For the Year Ended December 31, 2018

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Kawasmy & Partners CO.
Amman - Jordan
Shmeisani, Al-Shareef Abdul Hameed Sharaf Str. BLD # 28
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Independent Auditors' Report on the Consolidated Financial Statements

**To the General Assembly
Jordan Electric Power Company
(Public Shareholding Company)
Amman – Jordan**

Opinion

We have audited the consolidated financial statements of **Jordan Electric Power Company ("The Company")**, and its subsidiary ("**the Group**") which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of profit or loss and other comprehensive income, changes in owners' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the instructions of Prime Ministers Council and Energy and Mineral Regulatory Commission.

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with International Ethics Standards Board for Accountants Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 of the current period. 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.

The key audit matters descriptions are as follows:

1- Infrastructure and other fixed assets

Description of Key Audit matter	How the Matter was Addressed in Our Audit
<p>The Group own Infrastructure and other fixed assets with carrying amounts of JOD 358,668,239 as of December 31, 2018 which represents 30% of the Group's total assets. In accordance with the requirements of IFRS, the Group should measure if there is any indication of impairment in its value, such matter requires significant judgments and estimates from management to determine the fair value or value in use as management exercise judgment and estimates over the inputs used to determine the fair value/impairment including expert valuator. Accordingly, the determination of fair value/impairment of these assets by management is considered a key audit matter.</p> <p>The accounting policies and critical judgments relative to Infrastructure and other fixed assets are summarized respectively in Notes 2, 3 and 6 to the consolidated financial statements.</p>	<p>Our audit procedures include the assessment of the Group's internal controls for the method used to determine the fair value or value in use of Infrastructure and other fixed assets and compare the fair value to the carrying amount for the purpose of identify impairment, in addition to the assessment of the estimates used by management to determine the fair value/impairment over Infrastructure and other fixed assets. We have compared these estimates with the requirements of consolidated IFRS and discussed with management based on the available information.</p> <p>Furthermore, our audit procedures include the assessment of the methodology used, the acceptability of the measurement models and the inputs used. To determine the fair value/impairment of the Infrastructure and other fixed assets. Review the relevancy of the key inputs used through the review of the valuation performed by external independent valuator and the reasonability of depreciation rates on these assets and other inputs. In addition, we assessed the sufficiency of disclosures made by the group over significant estimates.</p>

2- Accounts Receivables

Description of Key Audit matter	How the Matter was Addressed in Our Audit
<p>The impairment loss for accounts receivables is considered one of the matters that have an impact over the group results and require a significant judgment and estimates from management to determine the default and accordingly the existence of impairment. Following the requirements of IFRS, management exercise judgment and estimates over the inputs and to determine the impairment including the date of default, the financial position of the customers, the position of the legal cases held against these customers and present value for this receivables based on expected time to collect this receivables. Accordingly, the accounts receivables consider a key audit matter.</p> <p>The Group had subscribers' receivables in amount of JOD 541,779,223 as of December 31, 2018, and the Group recorded a provision for doubtful debts in amount of JOD 10,243,846 as of December 31, 2018.</p>	<p>Our audit procedures includes the assessment of the Group's internal controls over the collection processes for receivables; testing the receipt of cash after the year end, testing the sufficiency of the Group's provisions against receivables, testing the position of the legal cases held by the Group and present value for the receivables through discounted future cash flows by assessing the management's assumptions, taking into account the externally available data on credit exposures and our own knowledge of recent bad debt experience. We have also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the provision and the disclosures over the amounts of doubtful debts provision.</p>



3- Legal Cases and Contingent Liabilities

Description of Key Audit matter	How the Matter was Addressed in Our Audit
<p>In the normal course of business, contingent liabilities may arise from legal cases held against the group or from contingent commitments from signed contracts. The amounts involved may be potentially significant and the application of IFRS to determine the amount, if any, to be provided as a liability, require from management judgments and estimates, accordingly the determination of liabilities is considered a key audit matter.</p> <p>The disclosures relative to legal and contingent liabilities are summarized respectively in Note (37) to the consolidated financial statements.</p>	<p>Our audit procedures includes the assessment of the Group's internal controls to determine the liabilities and the review of correspondence with the regulatory parties and the Group's external legal consultants on all significant legal cases and discussions with the Group's external legal consultant when necessary. In addition, we obtained formal confirmations from the Group's external legal consultants for all significant litigation, analyzed correspondence with regulators, and monitored the procedures followed to obtain information from third parties. We also assessed the disclosures made by the Group.</p>

Other Information

Management is responsible for the other information. The other information does not include the consolidated financial statements and our auditors' report on the consolidated financial statements.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We were not provided with the annual report of the group or any other information as it relates to this paragraph until the date of this report.

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 IFRS, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 and appropriate audit evidence relating to the consolidated financial statements of entities or businesses within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and implementation of audit at the Group level and remain the sole responsible for our 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

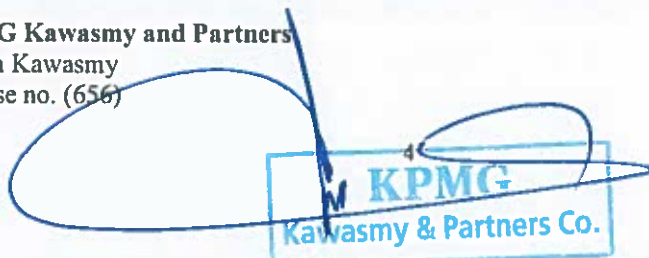
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law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

Report on Other Legal and Regulatory Requirements

The Group maintains proper accounting records. The accompanying consolidated financial statements are, in all material aspects, in agreement with the Group's accounting records, and we recommend that the group's General Assembly approves these consolidated financial statements.

KPMG Kawasmy and Partners
Hatem Kawasmy
License no. (656)

Amman - Jordan
March 17, 2019



**JORDAN ELECTRIC POWER COMPANY
AND IT'S SUBSIDIARY (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN- JORDAN**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In Jordanian Dinar

	Note	As of December 31,	
		2018	2017
Assets			
Infrastructure and other fixed assets	6	358,668,239	341,201,648
Intangible assets	7	31,748,218	30,045,657
Subscriber's contributions - assets	8	165,605,228	159,956,189
Rural fils - assets	9	21,045,458	21,453,215
Project under construction		6,052,965	6,652,950
Investments in associate	10	1,245,593	1,379,984
Deferred tax assets	11	7,389,340	5,920,302
Total Non - Current Assets		591,755,041	566,609,945
Inventory	12	1,150,447	1,335,003
Financial assets through profit or loss	13	1,658,565	1,674,065
Due from related parties	14	497,736	2,821,197
Subscriber's receivables	15	541,779,223	451,488,036
Receivables	16	58,263,820	43,040,768
Other debit balances	17	2,730,269	2,665,049
Cash on hand and at banks	18	394,320	571,985
Total Current Assets		606,474,380	503,596,103
Total Assets		1,198,229,421	1,070,206,048
Equity and Liabilities			
Owner's Equity			
Paid up capital	1	86,080,154	83,572,965
Statutory reserve	19	22,996,837	21,861,867
Retained earnings		14,413,249	12,816,777
Total Owner's Equity		123,490,240	118,251,609
Non-Controlling interest		13,746	113,248
Total Equity		123,503,986	118,364,857
Liabilities			
Subscriber's contributions - deposits	8	165,605,228	159,956,189
Rural fils - deposits	9	21,045,458	21,453,215
License Obligation / Government - Long term	7	32,419,908	34,501,437
Loans - due more than one year	21	48,543,000	50,000,000
Subscribers' refundable deposits	22	116,760,301	108,785,375
Provision for end-of-service indemnity	23	20,254,127	19,554,127
Obligation for employees funds	24	20,010,906	18,374,138
Total Non - Current liabilities		424,638,928	412,624,481
Payables	25	390,404,524	286,200,883
Due to related parties	14	364,626	242,933
Loans - due within one year	21	1,457,000	4,375,000
License Obligation / Government - Short term	7	5,000,000	5,000,000
Income tax provision	11	3,265,176	2,165,274
Other credit balances	26	8,802,867	6,464,259
Due to Banks	18	240,792,314	234,768,361
Total Current Liabilities		650,086,507	539,216,710
Total Liabilities		1,074,725,435	951,841,191
Total Equity and Liabilities		1,198,229,421	1,070,206,048

The accompanying notes on pages from (9) to (46) are integral parts of these consolidated financial statements and to be read therewith and with the independent auditor report.

The consolidated financial statements were approved from page (5) to (46) by the Board of Directors and approved by:

Chief Financial Officer

Chief Executive Officer

Chairman of board of Directors

**JORDAN ELECTRIC POWER COMPANY
AND IT'S SUBSIDIARY (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN- JORDAN**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>In Jordanian Dinar</i>	Note	For the Year Ended December 31,	
		2018	2017
Revenues from sale of energy	27	972,467,318	1,022,856,569
Purchased energy	28	(838,117,352)	(903,496,863)
Gross profit from sales of energy		134,349,966	119,359,706
Revenues / Expenses from other core operations	29	4,904,051	4,535,517
Administrative, operating and subscribers' services expense	30	(85,749,485)	(77,310,542)
Depreciation	6	(23,915,323)	(22,460,327)
Depreciation on material in warehouse		(112,855)	(123,145)
Total revenues/ expenses from core operations		(104,873,612)	(95,358,497)
Profit from core operations		29,476,354	24,001,209
Revenues / expenses from non-core operations	31	6,687,977	6,364,515
Bank interest revenues		246	907
Late payments interest revenues	34	11,365,496	7,754,939
Expenses from non - core operations	32	(717,198)	(570,377)
Amortization	7	(1,694,055)	(1,694,053)
Finance cost	33	(24,379,843)	(19,185,535)
Late power payments interest expense	35	(9,642,345)	(6,660,815)
(Loss) from non-core operations		(18,379,722)	(13,990,419)
Profit for the year before income tax		11,096,632	10,010,790
Income tax expense	11	(1,778,855)	(2,117,453)
Profit for the Year		9,317,777	7,893,337
Total Other Comprehensive Income For The Year		9,317,777	7,893,337
Total Other Comprehensive Income Attributable To:			
Company's Shareholders		9,417,279	7,902,589
Non-Controlling Interest		(99,502)	(9,252)
		9,317,777	7,893,337
Basic and Diluted Earnings per Share from Profit for the Year	36	0,11	0,09

The accompanying notes on pages from (9) to (46) are integral parts of these consolidated financial statements and to be read therewith and with the independent auditor report.

The consolidated financial statements were approved from page (5) to (46) by the Board of Directors and approved by:

Chief Financial Officer

Chief Executive Officer

Chairman of board of Directors

**JORDAN ELECTRIC POWER COMPANY
AND ITS SUBSIDIARY (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN- JORDAN**

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

<i>In Jordanian Dinar</i>	Paid up Capital*	Statutory Reserve	Retained Earnings*	Shareholders' Equity	Non- Controlling Interest	Total Equity
For the Year Ended December 31, 2018						
Balance at January 1st, 2018	83,572,965	21,861,867	12,816,777	118,251,609	113,248	118,364,857
Total comprehensive income for the year	-	-	9,417,279	9,417,279	(99,502)	9,317,777
Capital increase – Note (1)	2,507,189	-	(2,507,189)	-	-	-
Distributed dividends – Note (20)	-	-	(4,178,648)	(4,178,648)	-	(4,178,648)
Transferred to statutory reserve	-	1,134,970	(1,134,970)	-	-	-
Balance as of December 31, 2018	86,080,154	22,996,837	14,413,249	123,490,240	13,746	123,503,986
For the Year Ended December 31, 2017						
Balance at January 1st, 2017	77,490,000	20,853,900	16,267,067	114,610,967	-	114,610,967
Total comprehensive income for the year	-	-	7,902,589	7,902,589	(9,252)	7,893,337
Capital increase– Note (1)	6,082,965	-	(6,082,965)	-	-	-
Distributed dividends – Note (20)	-	-	(4,261,947)	(4,261,947)	-	(4,261,947)
Transferred to statutory reserve	-	1,007,967	(1,007,967)	-	-	-
Non-Controlling Interest	-	-	-	-	122,500	122,500
Balance as of December 31, 2017	83,572,965	21,861,867	12,816,777	118,251,609	113,248	118,364,857

* The retained earnings include deferred tax assets of JOD 7,389,340 as of December 31, 2018 (JOD 5,920,302 as of December 31, 2017) are restricted in accordance with the instructions of the Securities Commission.

The companying notes on pages from (9) to (46) are integral parts of these consolidated financial statements and to be read therewith and with the independent auditor report.

**JORDAN ELECTRIC POWER COMPANY
AND IT'S SUBSIDIARY (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN- JORDAN**

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In Jordanian Dinar</i>	<i>Note</i>	For the Year Ended December 31	
		2018	2017
Profit for the year before income tax		11,096,632	10,010,790
Adjustments for:			
Depreciation and amortization	7,6	25,886,258	24,292,479
Company's share of investment in associate	10	134,391	(59,360)
Loss from the valuation of financial assets at fair value through profit or loss	31	23,299	356,235
Provision for end-of-service indemnity	23	4,407,525	3,836,618
Allowance for doubtful receivables	15	2,000,000	-
Finance expenses		24,379,843	19,185,535
Interest revenues		(11,365,742)	(7,755,846)
Late power payment interest expense	35	9,642,345	6,660,815
License obligation expenses / Government		2,918,471	3,072,658
		69,123,022	59,599,924
Changes in Working Capital items:			
Inventory		184,556	(658,877)
Subscribers receivables		(90,291,187)	(87,337,694)
Receivables		(15,223,052)	(10,601,618)
Other debit balances		(65,220)	(1,121,390)
Due from related parties		2,323,461	(904,058)
Accounts payable		104,203,641	102,231,390
Subscribers' refundable deposits		7,974,926	8,454,967
Due to related parties		121,693	242,933
Other credit balances		2,338,608	1,351,675
Obligation for employees funds		1,636,768	1,922,440
Net Cash Flow From operating activities before income tax paid and end-of-service indemnity payment		82,327,216	73,179,692
Income tax paid	11	(2,147,991)	(5,939,923)
Payment for end-of-service indemnity	23	(3,707,525)	(3,636,618)
Net Cash flow from operating activities		76,471,700	63,603,151
Cash flow from investing activities :			
Acquisition of property, plant and equipment and project under construction		(41,069,863)	(41,922,045)
Payments on acquisition of intangible assets	7	(3,396,616)	(2,267,884)
Proceeds from sale of property, plant and equipment		-	265,110
Net cash flow (used in) investing activities		(44,466,479)	(43,924,819)
Cash flow from financing activities:			
Loans		(4,375,000)	(6,750,000)
Distributed dividends	20	(4,178,648)	(4,307,308)
Finance expenses paid		(24,653,191)	(18,813,755)
Paid on License obligation expenses / Government		(5,000,000)	(5,000,000)
Net cash flow (used in) financing activities		(38,206,839)	(34,871,063)
Net (decrease) in cash and cash equivalents		(6,201,618)	(15,192,731)
Cash and cash equivalents at beginning of the year		(234,196,376)	(219,003,645)
Cash and Cash Equivalents at the End of the Year for Cash Flow Purpose	18	(240,397,994)	(234,196,376)

The companying notes on pages from (9) to (46) are integral parts of these consolidated financial statements and to be read therewith and with the independent auditor report.

**JORDAN ELECTRIC POWER COMPAN
AND ITS SUBSIDIARY (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN- JORDAN**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) GENERAL

Jordan Electric Power Company (the Company) was incorporated on January 1st, 1938 as a public shareholding company with registration number (2) with paid up capital 2,500 pond, the paid up capital has been increased in several stages to reach JOD 86,080,154 where last capital increase occurred in April 26, 2018 through capitalizing of JOD 2,507,189 from retained earnings. the legal procedures over the increase in capital has been completed on May 28, 2018, where the General Assembly approved in its extraordinary meeting held on May 15, 2016 to increase the authorized capital to Reach JOD 100 million.

- During the year 1962 the Company has signed with the Jordanian Government a concession agreement for 50 years to distribute electricity for the concession area that includes: Amman, Zarqa, Madaba and Salt. The concession agreement expired on November 22, 2012 which was extended by temporary license until May 22, 2014. On May 23, 2014 the Company signed a settlement agreement with the Jordanian Government under which the Company had obtained a license to distribute the electricity for 20 years instead of the expired concession and temporary licenses similar to the other distribution companies after they reached to final settlement with the Government.
- The Company's objectives are limited to transmission and distribution, purchase and sale of electricity to ensure the needs of all consumers in the license area and any other area covered by the expanded area under the license agreement.
- The Company's head office location is the Mecca Street - Amman - Jordan.
- The consolidated financial statements were approved by the Board of Directors on March 17, 2019 and it is subject to the approval of the General Assembly.

2) BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Statement of compliance

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the instructions issued by the Prime Minister's Board and the Energy and Mineral Regulatory Commission instructions.
- The main differences between IFRS as applicable and the Prime Ministers Council and the Energy and Mineral Regulatory Commission are as follows:
 - The assets and liabilities of the subscribers' contribution (Note 8) and the assets and liabilities for rural files (Note 9) are presented on a gross basis in the consolidated statements of financial position, the related depreciation and amortization relating to the asset and liabilities respectively are offsetted.
 - The subscribers' contributions assets (Note 9) and rural files - assets (Note 9) are depreciated over a period of 25 years and not in accordance with international financial reporting standards, which require these to be depreciated over their useful life.
 - The Jordanian Electricity Company is exempted from applying IFRS 9 regarding the calculation of impairment in the accounts receivable for the years 2018 and 2019, whereas it is effective from 1 January 2018 in accordance with International Financial Reporting Standards.

b) Basis of Consolidation Financial Statements

The consolidated financial statements comprise of the financial statements of Jordan Electric Power Company (the "Parent Company") and its subsidiary which subject to its control. Subsidiary are entity controlled by the Group. The Group controls another entity when it has the right to variable returns from its involvement with the Group and has the ability to influence those returns by controlling the Company. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**JORDAN ELECTRIC POWER COMPA
AND IT'S SUBSIDIARY (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN- JORDAN**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of the subsidiary are prepared for the same reporting year using the same accounting policies as the Group. If the subsidiary has different accounting policies than those used in the Group, the necessary adjustments are made to the financial statements of the subsidiary to confirm to the Group's accounting policies.

The results of operations of a subsidiary are consolidated in the consolidated statement of profit or loss from the date of acquisition and are the date on which the Group effectively transfers control over the subsidiary. The results of the disposal of the subsidiary are consolidated in the consolidated statement of profit or loss up to the disposal date the Group loss control over the subsidiary.

- The Group owns the following subsidiary as of December 31, 2018:

<u>Company Name</u>	<u>Authorized Capital</u>	<u>Paid up Capital</u>	<u>Ownership Percentage</u>	<u>Main Activity</u>	<u>Location</u>
Lightning Gate for Cloud services	250,000	250,000	%51	Providing technology to facilitate payment of bills and claims by electronic means	Amman – Jordan

- The following table shows the financial position and financial performance of the subsidiary:

<i>In Jordanian Dinar</i>	As of December 31, 2017			
	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Revenues</u>	<u>Loss for the year</u>
31 December 2018	1,199,276	996,148	2,740,955	(30,309)
31 December 2017	1,128,959	895,522	-	(16,563)

The Group recognizes consolidation of the business using the consolidation method when control is transferred to the Group and the transferred benefits from the merger are measured at fair value and are determined by the net asset value. If there is a resulting goodwill, a test of impairment is performed annually.

The benefits arising from the merger do not include amounts arising from the settlement of the pre-merger relationship. These amounts are recognized in consolidated profit or loss and other comprehensive income.

Contingent liabilities are measured at fair value at the date of acquisition if they are classified as equity and any transactions are accounted for under equity. Subsequent recognition is otherwise recognized in the fair value of the contingent consideration in the consolidated statement of profit or loss and other comprehensive income.

Non-controlling interests represent that portion that is not owned by the Company in equity in the subsidiary.

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets measured at the fair value through profit or loss which is measured at fair value. And in accordance with going concern assumption and financial assets and liabilities that are presented at amortized cost.

d) Functional and presentation currency

The consolidated financial statements are presented in Jordanian Dinar, which is the Company's functional and presentation currency.

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e) Use of estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is summarized as follows:

- Management periodically reassesses the economic useful lives for infrastructure assets and intangible assets under the license agreement based on the general condition of these assets and the expectation for their useful economic lives in the future.
- The infrastructure assets has been depreciated and these assets has been considered as property and equipment, given that the Jordanian government had the control over these assets previously through the purchase option and the determination of sale tariff. However, and according to the management estimates, the government may not exercise the right to purchase, thus there is uncertainty over the possibility of recognizing the residual value, and therefore the Group continue to depreciate the infrastructure assets.

On May 22, 2014 the government has released its control over the infrastructure assets after reaching to a final settlement with the Group which gave the Group the right to exercise control over these assets, which lead to change the nature of these assets to become property and equipment and will continue depreciating these assets.

The management believes based on the achievement of its expectations about the non-practice of government right for the purchase option in addition to the possibility to use the infrastructure in other services and activities without government control, this has been confirmed in the license and settlement mentioned above and it was confirmed by the letter received from Energy and Minerals Regulatory Commission dated February 1st, 2015 number 20/13/899 stating that it had the right to use the Group's infrastructure in other activities during the concession period, therefore comparative figures will not be modified and depreciation on these assets considered correct.

- Management frequently reviews the lawsuits raised against the Group based on a legal study prepared by the Group's legal advisors. This study highlights potential risks that the Group may incurred in the future.
- A provision for doubtful debts is taken in the consolidated statement of profit or loss on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).
- A provision against the end-of-service indemnity obligations in the consolidated statement of profit or loss. Moreover, the actuarial gains or losses are recorded in the consolidated statement of other comprehensive income in the year of the estimation.
- Management estimates the provision to decrease inventory to net realizable value if the cost of inventory may not be recoverable, damaged, wholly or partially obsolete, and its selling price to fall below cost or any other factors that causes the recoverable amount to be lower than its carrying amount.
- Management estimated the recoverable amount of the other financial assets to determine whether there was any impairment in its value.
- Management estimates the provision for income tax in accordance with the prevailing laws and regulations.

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- The Group uses the stage of completion method in accounting for its fixed price construction contracts. Use of the stage of completion method requires the management to estimate the services performed to date as a proportion of the total services to be performed.

- **Fair value hierarchy:**

The Group is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

Management believes that its estimates and judgments are reasonable and adequate.

3) Significant Accounting Policies

The accounting policies applied by the Company in these consolidated financial statements for the year ended December 31, 2018 are the same as those applied by the Company in its financial statements for the year ended December 31, 2017, except for the following International Financial Reporting Standards amendments and improvements that become effective after January 1, 2018 and are as follows:

- International Financial Reporting Standard (9): Financial Instrument.
- International Financial Reporting Standard (15): Revenue from Contracts with Customers.
- IFRS (2): Classification and Measurements of Share-Based Payments.
- IAS (40): Clarify Transfers of Investment in Property.
- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments on IFRS (1) adopting IFRS for the first time and IAS (28) Investment in associate and joint venture (effective on Jan 1st 2018).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

The adoption of the above new standards and amendments have no material impact on the Group's Consolidated Financial Statements, except for the application of International Financial Reporting Standard (9) "Financial Instrument" and the International Financial Reporting Standard (10) "Revenue from Contracts with Customers", following is the impact on the Company's Consolidated Financial Statements:

IFRS 9 Financial Instruments (Policy applicable from January 1, 2018)

The group has early adopted the first phase of International Financial Reporting Standard (9) as of January 1, 2011 based on the request of the Jordan Securities Commission, in addition, the company applied the second and third phases of standard starting from January 1, 2018, except for the impairment in subscribers' receivables according to Energy and Minerals Regulatory Commission letter no. 3/11/2726 dated March 21, 2018. International Financial Reporting Standard (9) defines requirements for the recognition and measurement of both financial assets and liabilities and certain contracts for the purchase or sale of non-financial items. International Financial Reporting Standard (9) considered substitution of IAS No.(39) (Recognition and Measurement).

The details of the new significant accounting policies and the nature of the impact of changes in previous accounting policies are set out below:

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A- Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS (39) for the classification and measurement of financial liabilities but eliminates the classification of held-to-maturity financial assets, loans and receivables and available-for-sale assets that fall under the criteria of International Accounting standards No. (39).

- Financial Assets:

The Group has already adopted the first phase of International Financial Reporting Standard (9) as of January 1st, 2011 based on the request of the Jordan Securities Commission. There were no material differences between the first phase of the Standard and the final version of the Standard issued on July 24, 2014.

Under International Financial Reporting Standard (9), on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income – debt investment; fair value through other comprehensive income – equity investment; or fair value through profit or loss. The classification of financial assets under International Financial Reporting Standard (9) is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through the consolidated statement of comprehensive income:

- It's held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through consolidated profit or loss:
- It's held within a business model whose objective is achieved by both collecting contractual cash flows and/or selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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The accounting policies applied are similar to the accounting policies adopted by the Group (considering that the Group has applied early to the first phase of International Financial Reporting Standard (9) except of the following accounting policies that became effective from January 1, 2018:

Debt investments at fair value through consolidated other comprehensive income.	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statements of profit or loss. Other net gains and losses are recognized in the consolidated statements of other comprehensive income. On derecognition, accumulated gains and losses transferred from the consolidated statement of other comprehensive income to consolidated statement of profit or loss.
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The adoption of International Financial Reporting Standard (9) did not have any material impact on the group's consolidated financial statements with respect to financial assets.

Financial liabilities:

The adoption of International Financial Reporting Standard (9) has no material impact on the Group's accounting policies relating to financial liabilities. International Financial Reporting Standard (9) has maintained the requirements of IAS (39) regarding the classification of financial liabilities. IAS (39) requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the consolidated statement of profit or loss, whereas International Financial Reporting Standard (9) requires:

- Recognition of differences in valuation of financial liabilities classified as financial liabilities at fair value through statement of profit and loss as a result of changes in credit risk in the consolidated statement of comprehensive income.
- The remaining amount of fair value valuation differences is recognized in the consolidated statement of profit or loss:

The Group has not classified any financial liabilities in financial liabilities at fair value through profit or loss. Accordingly, there is no impact of applying International Financial Reporting Standard (9) to the consolidated financial statements.

A- Impairment on financial assets:

International Financial Reporting Standard (9) replaces the "loss recognition" model adopted in IAS (39) to calculate the impairment of financial assets over "expected credit loss" model, which requires the use of estimates and judgments to estimate economic factors. The model will be applied to financial assets - debt instruments classified at amortized cost or at fair value through other comprehensive income but not to investments in equity instruments. Where credit losses are recognized in accordance with International Financial Reporting Standard (9), which is earlier than IAS (39).

Jordan Electric Power Company did not apply the impairment on financial assets (subscribers' receivables) according to the letter from the Energy and Minerals Regulatory Commission No. 3/11/2726 dated March 21, 2018, which exempted the Company from the application for the years 2018 and 2019. Moreover, the Company remains following the requirements of IAS (39) regarding impairment of financial assets.

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International Financial Reporting Standard (15) "Revenue from Contracts with Customers"

International Financial Reporting Standard (15) revenue from contracts with customers, which sets out a comprehensive framework for determining the value and timing of revenue recognition, applies to all entities entering into contracts for the supply of services and goods with customers except for contracts subject to other accounting standards such as the International Financial Reporting Standard (9) and International Standard And IAS (17), which superseded IAS 11, Construction Contracts, IAS (18) Revenue and the Report Standards Committee's Interpretation 13: Customer Loyalty Program, Interpretations Committee Report Criteria (15): Agreement creation of real estate, and the interpretation of the Standards Committee reports (18): operations of assets from customers transfer, interpretation (31) - barter transactions involving advertising services, were no material impact of the application of the standard on the summary of the Group's consolidated financial statements.

The following are the significant accounting policies adopted by the Group:

a) Investment in associates and Jointly controlled entities

- Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.
- Investments in associates and jointly controlled entities are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs.
- The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

b) Financial instruments

i- Financial Assets at Amortized Cost (Early Adoption of IFRS 9 as of January 1, 2011)

- The Group initially recognizes financial assets at amortized cost on the date that they are originated. The financial assets held within the Group management whose objective is to hold these assets in order to collect contractual cash flows, which represent payments of principal and interest on the principal amount outstanding.
- When purchasing these assets they are recognized at cost plus acquisition costs, where premium / discount are amortized using the effective interest method, recording or to the interest account, where any provisions resulted from the impairment in its amount leads to the inability to recover the principal or part of it are deducted, any impairment in its amount to be recognized at the consolidated statement of profit or loss.
- The impairment amount in the value of these assets represents the difference between the value recorded at the books and the present value of the expected discounted cash flows at the original effective interest rate.
- Financial assets should not be reclassified from / to this item except in specified cases by the International Financial Reporting Standards. In case of sale of any of these assets before its due date where the sales result should be recorded at the consolidated statement of profit or loss in a separate line and to be disclosed in accordance to the international financial reporting standards requirements.
- Financial assets at amortized cost include trade receivables, due from related parties and cash on hand and at banks.

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ii- Financial Assets at Fair Value Through Statement of profit or loss

- A financial asset is classified as at fair value through consolidated statement of profit or loss if it is classified as held-for-trading or is designated as such on initial recognition.
- Represent financial assets acquired by the Group for the objective of resale in the near future and to make profits from short-term markets prices fluctuations or margin trading profits.
- When purchasing these assets they are recognized at fair value (acquisition expenses are recognized at the income statement when purchasing) to be re-evaluated later at fair value, the change in fair value appears in the consolidated statement of profit or loss including the change in fair value resulting from the differences in conversion of non-monetary assets items in foreign currencies, in the case of selling such assets or part thereof profits or losses to be recorded in the consolidated profit or loss.
- Dividends or interests earned are recognized in the consolidated statement of profit or loss.
- Financial assets should not be reclassified from / to this item except in specified cases by the international financial reporting standards. Financial assets that do not have prices at active markets and no active trading should not be reclassified at this item, active trading means that these instruments should be quoted within three months from the date of acquisition.

c) Infrastructure Assets and other Fixed Assets

(1) Infrastructure assets

Recognition and measurement

- Items of infrastructure assets are measured at cost less accumulated depreciation and accumulated impairment losses. These consist of assets which are both under license agreement and owned by the Group (Note 6).
- Cost includes expenditures that are directly attributable to the acquisition of the infrastructure assets.
- Borrowing costs related to the acquisition or constructions of qualifying assets are capitalized as incurred.
- When parts of an item of infrastructure assets have different useful lives, they are accounted for as separated items.
- Gains and losses on disposal of an item of infrastructure assets are determined by comparing the proceeds from disposal with the carrying amount of infrastructure assets and are recognized net within the Consolidated Statement of profit or loss.

Subsequent costs

- The cost of replacing part of an item of infrastructure assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.
- Ongoing costs of repair and maintenance of infrastructure assets are expensed in the consolidated statement of profit or loss as incurred.

Depreciation

- Items of infrastructure assets are depreciated on a straight-line basis in consolidated statement of profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.
- Items of infrastructure assets are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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- The estimated useful lives of infrastructure assets for the current and previous year are as follows:

	Category	Useful Lives / year
Buildings	Infrastructure and other	50
Transformers	Infrastructure	14
Overhead air networks	Infrastructure	20
Ground cables	Infrastructure	33,3
Leased meters	Infrastructure	14
Furniture & Office equipment	Other	5 – 11
Vehicles	Other	7.69
Other	Other	5 - 20

(2) Subscribers assets and deposits

This amount was presented in compliance with the Prime Ministers Council and Energy and Minerals Regulatory Commission which stated to present these assets in non-current assets under the name of "Subscribers' contribution-assets" and had in the liability side "Subscribers' contribution-deposits" with the same amount. Subscribers contribution-assets are depreciated at a rate of 4% annually and the Subscribers contribution-liabilities are amortized with the same rate as it will not affect the financial position of the Group.

(3) Rural fils assets and deposits

This item represents the infrastructure assets to extend the electricity grid to rural areas which is presented in non-current assets under the name "Rural Fils-assets" and had in the liability side "Rural Fils-Deposits" with the same amount in compliance with the Prime Ministers Council and Energy and Minerals Regulatory Commission. The assets is to depreciated at a rate of 4% annually and the liability is amortize over the same period so it will not affect the financial position of the Group.

d) Inventories

- Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.
- Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

e) Construction in progress

Construction under progress presented at cost and it is include cost of construction, equipment's and direct cost. The constructions under progress do not depreciated until the assets related to it will be ready and available to use.

f) Revenues recognition and expenses realization

- Revenue recognition and expenses realization are recognized based on accrual basis.
- Revenue from the sale of power in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of adjustments and trade discounts. The sales prices are based on the Tariff regulated by the Energy and Minerals Regulatory Commission. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer.
- Revenue from services rendered is recognized in consolidated statement of profit or loss in proportion to the stage of completion of the transaction at the reporting date, the stage of completion is assessed by reference to surveys of work performed.

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g) Impairment

Financial Assets

- A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.
- A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
- An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.
- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the consolidated statement of profit or loss.

Non-Financial Assets:

- The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
- An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.
- Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.
- All impairment losses are recognized in the consolidated statement of profit or loss.
- An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

h) Foreign Currency Transactions

- Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.
- Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinar at the exchange rate at that date.
- The foreign currency gain (loss) on monetary items is the difference between amortized cost in Jordanian Dinar at the beginning of the year, adjusted for effective interest rate and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.
- Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Jordanian Dinar at the exchange rate at the date that the fair value was determined.
- Foreign currency differences arising on retranslation are recognized in the consolidated statement of profit or loss.
- Foreign currency differences arising on revaluation of old foreign currency been are recognized as assets and amortized over 25 years.

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i) Fair value

- Fair values represent the amount with which an asset could be exchanged, or a liability settled, in a transaction between knowledgeable, willing parties in an arm's length transaction.
- The closing prices (purchase of assets \ sale of liabilities) on consolidated financial statements date in effective markets, represents the fair value of financial assets and liabilities that have market prices.
- In the absence of quoted prices or lack of active trading of some financial assets or the in absence of an active market, fair value is determined by comparing with current market value of financial instrument, or by using the discounted future cash flows discounted at the rate of similar financial instrument or by use the net assets value method of investments.

j) End-of-service indemnity

This item represents expenses and related legal and constructive liabilities in respect of employees' end-of-service as of consolidated financial statements' date according to the accrual basis.

The provision for end of service indemnity is recorded as a result of the actuarial study. The actuarial gains and losses are recognized immediately in the consolidated statement of financial position and consolidated statement of comprehensive income in respect of the expense or income for the year in which the estimate was made. The revaluation results are reversed to the retained earnings directly and are not reclassified to the consolidated statement of profit and loss.

k) Offsetting of financial assets

Financial liabilities are set off against financial assets, and the net amount is shown in the consolidated financial position only when the obliging legal rights are available and when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

l) Date of recognition of financial assets

Purchase and sell of financial assets are recognized on the trading date (date when group commitment to sell or buy financial assets).

m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

n) Finance expenses

Finance expenses comprise interest expense on borrowings. All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of income using the effective interest method.

o) Subscribers' refundable deposits

The Group collect from each subscriber at the time of connecting the electricity in compliance with the service cost instructions for the services provided by the electricity companies licensed to distribute electricity to its subscribers.

p) Income tax

- Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in consolidated statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in consolidated equity or in consolidated other comprehensive income.

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- Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
- Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
- Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
- A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.
- Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.
- Current tax payable is calculated at the tax rate of 24% in accordance with prevailing income tax law in Jordan, and the deferred tax assets were calculated at a rate of 27% in accordance with amended income tax law for the year 2018.

q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

4) New standards and interpretations not yet adopted

The following new and revised IFRSs have been issued but are not effective yet, the Group has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

New Standards

- International Financial Reporting Standards (16): Leases (effective on January 1st, 2019 with earlier application permitted).
- International Financial Reporting Standards (17): Insurance Contracts (effective on January 1st, 2021 with earlier application permitted).
- IFRIC 23 Uncertainty over Income Tax Treatments (effective on January 1st, 2019).

Amendments:

- Amendments to International Financial Reporting Standards (9) Financial Instruments (effective on January 1st, 2018).
- Plan amendments, Curtailment or Settlement – Amendments to IAS 19 (effective on January 1st, 2019).
- Annual improvements to IFRSs 2015 – 2017 Cycle – various standards
- IFRS (10) and IAS (28): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. (date to be determined).

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IFRS 16 Leases

The Group is required to adopt IFRS 16 "Leases" from January 1, 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its financial statement, as described below. The actual impact of adopting the standard on January 1, 2019 may change because, below are the major changes of the standards:

i. Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating leases of sites and rentals. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use (RoU) assets and interest expenses on lease liabilities.

Previously, the Group recognised operating lease expense on straight-line basis over the term of the lease, and recognised the asset and liabilities only to the extent that there was a timing difference between actual lease payments and the expenses recognised.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

The standard has provided specific exemptions for the application of:

- If the lease period is short term (less than 12 months)\
- The lease is linked to the lease of the asset

In the event that one of these conditions is met, the Group may retain the previous accounting policies without modification.

ii. Leases in which the Group is a lessor

No significant impact is expected for other leases in which the Group is a lessor.

iii. Effect of implementation

The expected effect of applying IFRS 16 as of January 1, 2019 is to recognize the assets 'Right of Use' in amount between JOD 19 million to JOD 20 million within the non-current assets and to recognize the 'lease liabilities' obligations in the same amount above Under non-current liabilities. In addition, the Group shall de-recognize the account of prepaid expenses estimated annually at the amount of JOD 740 thousand as at 1 January 2019.

iv. Transition

The Group plans to apply IFRS 16 on January 1, 2019, using the second option of the modified approach, whereby the remaining periods on existing contracts will be recognized as assets and liabilities without adjustment to the comparative figures.

5) Operating Segment

The Group has a single reporting segment represented by distributing energy and all services with their related revenues and balances are domiciled in the region of Jordan. The revenues derived from government and semi government entities is amounted to JOD 138,499,141 (2017: JOD 115,344,156).

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6) Infrastructure Assets and Other Fixed Assets

In Jordanian Dinar	Infrastructure Assets						Other Fixed Assets						
	Lands	Buildings*	Transformers	OHL networks	Ground cables	Leased Meters	Total infrastructure assets	Lands*	Buildings	Furniture	Vehicles	Others	Total
Cost													
Balance as of January 1 st , 2018	4,561,130	21,389,690	193,827,614	136,255,046	212,317,218	34,460,150	602,810,848	9,146,783	5,255,947	14,041,896	7,552,623	21,866,077	660,674,174
Additions	533,297	2,794,688	13,069,568	9,346,645	17,469,519	2,553,567	45,767,284	5,250	420,752	251,170	1,880,139	2,138,585	50,463,180
Disposals	-	-	-	-	-	-	-	-	-	-	(21,439)	(13)	(21,452)
Spare parts transferred to projects	-	-	(4,326,484)	(2,495,986)	(1,616,027)	(354,835)	(8,793,332)	-	-	-	-	-	(8,793,332)
Balance as of December 31, 2018	5,094,427	24,184,378	202,570,698	143,105,705	228,170,710	36,658,882	639,784,800	9,152,033	5,676,699	14,293,066	9,411,323	24,004,649	702,322,570
Balance as of January 1 st , 2017	2,950,073	20,387,428	184,143,849	130,401,081	198,527,173	33,687,207	570,096,811	4,451,078	4,558,185	13,729,637	6,860,011	20,466,817	620,162,539
Additions	1,611,057	1,002,262	14,990,718	9,041,984	16,963,669	3,054,570	46,664,260	4,695,705	697,762	325,005	692,612	1,399,260	54,474,604
Disposals	-	-	(407,467)	-	-	-	(407,467)	-	-	(12,746)	-	-	(420,213)
Spare parts transferred to projects	-	-	(4,899,486)	(3,188,019)	(3,173,624)	(2,281,627)	(13,542,756)	-	-	-	-	-	(13,542,756)
Balance as of December 31, 2017	4,561,130	21,389,690	193,827,614	136,255,046	212,317,218	34,460,150	602,810,848	9,146,783	5,255,947	14,041,896	7,552,623	21,866,077	660,674,174
Accumulated depreciation													
Balance as of January 1 st , 2018	-	5,529,155	112,393,648	76,223,255	69,004,661	20,342,676	283,493,395	-	1,069,928	10,894,323	5,969,888	18,044,992	319,472,526
Depreciation for the year	-	455,741	9,066,458	4,710,247	6,138,436	1,704,679	22,075,561	-	109,326	209,173	425,605	1,372,538	24,192,203
Disposals	-	-	-	-	-	-	-	-	-	-	(10,398)	-	(10,398)
Balance as of December 31, 2018	-	5,984,896	121,460,106	80,933,502	75,143,097	22,047,355	305,568,956	-	1,179,254	11,103,496	6,385,095	19,417,530	343,654,331
Balance as of January 1 st , 2017	-	5,111,384	103,833,642	71,733,374	63,344,302	18,700,552	262,723,254	-	971,787	10,707,213	5,674,543	16,952,406	297,029,203
Depreciation for the year	-	417,771	8,704,784	4,489,881	5,660,359	1,642,124	20,914,919	-	98,141	197,435	295,345	1,092,586	22,598,426
Disposals	-	-	(144,778)	-	-	-	(144,778)	-	-	(10,325)	-	-	(155,103)
Balance as of December 31, 2017	-	5,529,155	112,393,648	76,223,255	69,004,661	20,342,676	283,493,395	-	1,069,928	10,894,323	5,969,888	18,044,992	319,472,526
Net Book value													
As of December 31, 2018	5,094,427	18,199,482	81,110,592	62,172,203	153,027,613	14,611,527	334,215,844	9,152,033	4,497,445	3,189,570	3,036,228	4,587,119	358,668,239
As of December 31, 2017	4,561,130	15,860,535	81,433,966	60,031,791	143,312,557	14,117,474	319,317,453	9,146,783	4,186,019	3,147,573	1,582,735	3,821,085	341,201,648

*Some of the Group's buildings constructed on lands owned by subscribers.

Total fully depreciated assets amount to JOD 156,091,198 as of December 31, 2018 (December 31, 2017: JOD 149,000,012).

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7) Intangible Assets

This account consist the following:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
(A) Distribution license	26,083,718	27,777,773
(B) Systems under development	5,664,500	2,267,884
Balance at the End of the Year	31,748,218	30,045,657

A) Distribution license

The Company obtained a permanent license to distribute electricity on May 23, 2014 under the agreement signed with the Jordanian Government for 20 years to pay an amount of JOD 65 Million to the Jordanian Government on equal installments in amount of JOD 5,000,000 each over 13 years, the first installment will start after 3 years of signing the agreement.

The Company calculate the assets and obligations value to aquire the license and recognized its value at the present value of the payments at a discount rate of 8%, where the detailed is as follows:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Intangibile assets	33,881,070	33,881,070
Accumulated amortization*	(7,797,352)	(6,103,297)
Net book value	26,083,718	27,777,773
License Obligation / Government – long term	32,419,908	34,501,437
License Obligation / Government – Short term	5,000,000	5,000,000
Total License Obligation	37,419,908	39,501,437

*The movement of the accumulated amortization during the year is as follows:

<i>In Jordanian Dinar</i>	2018	2017
Balance at the beginning of the year	6,103,297	4,409,244
Amortization for the year	1,694,055	1,694,053
Balance at the End of the Year	7,797,352	6,103,297

B) Systems under development

This item represents payments incurred by the Company against the purchase of a new accounting system (SAP), cost to develop ERP system and mobile application, the development of these systems was not completed as of the date of the consolidated financial statements.

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The movement of this balance during the year is as follows:

Jordanian Dinar	As of December 31,	
	2018	2017
Balance at the beginning of the year	2,267,884	-
Additions during the year	3,396,616	2,267,884
Balance at year end	5,664,500	2,267,884

8) Subscribers' Contribution-Assets / Subscribers' Contribution-Deposits

This item presented as a separate item in the consolidated statement of financial position in compliance with the Prime Ministers Board Resolution as referred to in the letter of Prime Minister No. 33/11/6189 dated June 4, 1985 which stipulates to present these assets under its correct name of "Subscribers' contribution-Assets" presented in both asset and liability as separate line items in the consolidated statement of financial position. The subscribers' contribution-assets is to depreciate for a period of 25 years with a rate of 4% annually and amortize the liability is over the same period from the year 1985. This rule is applied towards the accumulated contribution starting December 31, 1985 and for future periods. As mentioned in Note (2) and (3), these assets are also under the previous concession agreement and the current license agreement detailed of this item is as follow:

In Jordanian Dinar	Subscribers' Contributions-Assets / Deposits	Total
<u>Cost</u>		
Beginning balance as of January 1 st , 2017	248,941,797	248,941,797
Additions	18,088,342	18,088,342
Balance as of December 31, 2017	267,030,139	267,030,139
<u>Cost</u>		
Beginning balance as of January 1 st , 2018	267,030,139	267,030,139
Additions	15,943,292	15,943,292
Balance as of December 31, 2018	282,973,431	282,973,431
<u>Accumulated depreciation</u>		
Balance as of January 1 st , 2017	97,316,423	97,316,423
Depreciation for the year	9,757,527	9,757,527
Balance as of December 31, 2017	107,073,950	107,073,950
Balance as of January 1 st , 2018	107,073,950	107,073,950
Depreciation for the year	10,294,253	10,294,253
Balance as of December 31, 2018	117,368,203	117,368,203
<u>Net book value:</u>		
December 31, 2017	159,956,189	159,956,189
December 31, 2018	165,605,228	165,605,228

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9) Rural Fils-Assets / Rural Fils-Deposits

This item represents the infrastructure assets to extend the electricity grid to rural areas and presented in line with the Prime Ministers Board Resolution dated November 22, 1983, which stipulates that these assets and corresponding liability should be presented in a separate line items in the consolidated statement of financial position, and the assets shall be depreciated over a period of 25 years with a rate of 4% annually as well as the liability is amortize over the same percent. As mentioned in Notes (2) and (3) these assets are subject to the previously concession agreement and to the current license agreement, the details of this item is as follow:

<i>In Jordanian Dinars</i>	Rural Fils Assets / Deposits	Total
<u>Cost</u>		
Beginning balance as of January 1 st , 2017	52,712,454	52,712,454
Additions	2,004,672	2,004,672
Balance as of December 31, 2017	54,717,126	54,717,126
<u>Cost</u>		
Beginning balance as of January 1 st , 2018	54,717,126	54,717,126
Additions	1,795,930	1,795,930
Balance as of December 31, 2018	56,513,056	56,513,056
<u>Accumulated depreciation</u>		
Balance as of January 1 st , 2017	31,096,142	31,096,142
Depreciation for the year	2,167,769	2,167,769
Balance as of December 31, 2017	33,263,911	33,263,911
Balance as of January 1 st , 2018	33,263,911	33,263,911
Depreciation for the year	2,203,687	2,203,687
Balance as of December 31, 2018	35,467,598	35,467,598
<u>Net book value:</u>		
December 31, 2017	21,453,215	21,453,215
December 31, 2018	21,045,458	21,045,458

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10) Investments in Associate

This item represent investment in Electrical Equipment Industries Company, its details are as follows:

<i>In Jordanian Dinars</i>	Legal Form	Country of Incorporation	Ownership Percentage
Electrical Equipment Industries Company	Limited liability Company	Jordan	%27.5

The movement on investments in associates during the year is as follows:

<i>In Jordanian Dinars</i>	As of December 31,	
	2018	2017
Balance at the beginning of the year	1,379,984	1,320,624
Company's share in associates operations	(134,391)	59,360
Balance at the End of Year	1,245,593	1,379,984

The following table summarizes the financial information for investments in associates:

<i>In Jordanian Dinars</i>	Ownership Percentage %	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Revenue	Expenses	(Loss) Profit
<u>As of December 31, 2018</u>										
Electrical Equipment Industries Company	27,5	4,888,615	973,121	5,861,736	1,332,307	-	1,332,307	2,651,115	(2,839,396)	(188,281)
<u>As of December 31, 2017</u>										
Electrical Equipment Industries Company	27,5	4,389,360	1,036,422	5,425,782	407,660	-	407,660	3,050,144	(2,954,334)	95,810

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11) Taxes

A- Deferred tax assets

The details of this account is as follows

Items which Produced Deferred Tax Assets <i>In Jordanian Dinar</i>	Deferred tax Assets				As of December 31, 2018
	Beginning Balance	Additions	Releases	Ending Balance	
End-of-service provision	19,554,127	4,407,525	(3,707,525)	20,254,127	5,468,614
Provision for doubtful debts	5,113,800	2,000,000	-	7,113,800	1,920,726
	<u>24,667,927</u>	<u>6,407,525</u>	<u>(3,707,525)</u>	<u>27,367,927</u>	<u>7,389,340</u>

Items which Produced Deferred Tax Assets <i>In Jordanian Dinar</i>	Deferred tax Assets				As of December 31, 2017
	Beginning Balance	Additions	Releases	Ending Balance	
End-of-service provision	19,354,127	3,836,618	(3,636,618)	19,554,127	4,692,990
Provision for doubtful debts	5,113,800	-	-	5,113,800	1,227,312
	<u>24,467,927</u>	<u>3,836,618</u>	<u>(3,636,618)</u>	<u>24,667,927</u>	<u>5,920,302</u>

- The movement on deferred tax for the year is as follow:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Beginning balance for the year	5,920,302	5,872,302
Additions for the year	1,469,038	48,000
Balance at the End of the Year	<u>7,389,340</u>	<u>5,920,302</u>

The deferred tax assets were calculated at a rate of 27% as of December 31, 2018 (2017: 24%).

B- Income tax provision

- The movement on income tax provision for the year is as follow:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Beginning balance for the year	2,165,274	5,939,744
Paid during the year	(2,147,991)	(5,939,923)
Income tax expense for the year	3,247,893	2,165,453
Balance at the End of the Year	<u>3,265,176</u>	<u>2,165,274</u>

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- The movement on income tax expense presented in consolidated statement of profit or loss for the year is as follow:

In Jordanin Dinar

	2018	2017
Income tax on current year profits	3,247,893	2,165,453
Deferred tax assets for the year	(1,469,038)	(48,000)
	1,778,855	2,117,453

- C- The following is a summary of the reconciliation between accounting profit and taxable profit for the the Jordan Electric Power Company:

In Jordanin Dinar

	2018	2017
Accounting profit	11,299,697	10,029,672
Add: non-deductable tax expenses	7,273,105	4,211,350
Less: deductible tax expenses	(5,039,913)	(5,218,301)
	13,532,889	9,022,721
Income tax Expense	3,247,893	2,165,453
Income tax rate	24 %	24%
Effective tax rate	28.7 %	21,6%

The Company has reached to a final settlement with the Income and Sales Tax Department up to the year 2016. Moreover, the Company has submitted its tax return for the year 2017 which still under review by the Income and Sales Tax Department. In addition the Company has submitted its Sales Tax returns until month of December 2018. In the opinion of management and its tax advisor, the income tax provisions recorded in the consolidated financial statements are sufficient to meet the tax obligations.

The subsidiary is exempt from income and sales tax under the exemption issued by the Jordan Investment Authority and therefore no income tax provision has been included in the results of its operations.

12) Inventory

This details of this account is as follows:

In Jordanian Dinar

	As of December 31,	
	2018	2017
Balance at the beginning of the year	1,335,003	676,126
Purchases during the year	868,262	1,042,357
Used during the year	(1,052,818)	(383,480)
	1,150,447	1,335,003

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13) Financial Assets at Fair Value Through profit or loss

This details of this account is as follows:

<i>In Jordanian Dinar</i>	Number of shares	Fair value	As of December 31,	
			2018	2017
Arab Bank	65,988	6.210	409,785	369,533
Phosphate Mines	40,384	2.840	114,691	102,979
Petroleum Refinery	375,312	2.270	851,958	960,799
General Company for Mining	14,300	5.380	42,770	34,970
Capital Bank	258,286	0.920	237,623	204,046
Commercial buildings Co.	625	-	1,738	1,738
			1,658,565	1,674,065

14) Balances and Transactions with Related Parties

Related parties represent major shareholders, directors and key management personnel of the Company, and associate company. The Company's management had approved the pricing policy and the dealing condition with the related parties.

In Jordanian Dinar	Nature of Relation	Nature of Transaction	Volume of transactions		Balance as of December 31,*	
			2018	2017	2018	2017
<u>(14-1) Due from related parties</u>						
Business Innovation Company	Partner in the subsidiary Company	Financing	-	923,893	497,736	2,821,197
					497,736	2,821,197
<u>(14-2) Due to related parties</u>						
Electrical Equipment Industrial Company	Associated Company	Purchases	3,416,186	5,216,810	363,724	241,093
Business Innovation Company	Copartner in subsidiary Company	Expenses	-	1,840	902	1,840
					364,626	242,933

*The above Balances do not bear any interest and do not have any fixed repayment schedule.

(14-3) Salaries and benefits of Executive Management

Short-term salaries and remuneration of the executive management and board of directors' members amounted to JOD 849,630 for the year ended December 31, 2018. (2017: JOD 901,552).

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15) Subscribers' Receivables

This details of this account is as follows:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Residential subscribers	156,377,437	137,529,691
Commercial subscribers	64,043,873	58,259,623
Small industrial users	13,263,884	11,108,432
Government departments	33,919,418	11,557,489
Pumps subscribers	18,763,960	9,378,315
Street lighting subscribers	21,376,879	15,983,504
Radio and TV subscribers	297,956	259,959
Hotels subscribers	781,186	647,897
Company's employees	261,082	198,945
Charities	23,685,900	38,256,200
Armed Forces	79,802,866	52,754,716
Banks	1,446,344	1,396,106
Telecommunications subscribers	10,078,012	9,441,510
Temporary meters subscribers	5,651,219	4,096,133
Commercial farming subscribers	673,742	625,123
Miduim industrial subscribers	20,476,679	19,963,610
Agricultural subscribers	3,323,482	2,565,912
Agricultural / three part tariff subscribers	2,677,152	2,000,155
Subscribers differences consumption	87,952,883	83,665,721
Private Hospitals	4,309,591	-
Large Industrial	662,216	-
Charging Electric Vehicles	15,478	-
Triple Tariff hotels	2,004,260	-
Receivables subscribers renewable energy wheeling	177,570	42,841
Total Subscribers receivables befor allowance	552,023,069	459,731,882
Allowance of doutfull debts	(10,243,846)	(8,243,846)
Total	541,779,223	451,488,036

The following table is the aging receivables as of the consolidated financial statements date:

<i>In Jordanian Dinar</i>	2018		2017	
	Gross Receivables	Allowance of Doutfull Debts	Gross Receivables	Allowance of Doutfull Debts
Less than one year	383,839,205	-	341,577,212	-
1-5 years	159,965,979	(7,170,692)	111,602,405	(5,786,113)
More than 5 years	8,217,885	(3,073,154)	6,552,265	(2,457,733)
	552,023,069	(10,243,846)	459,731,882	(8,243,846)

The movement on provision of doubtful debts during the year is as the follow:

<i>In Jordanian Dinars</i>	2018	2017
Balance at the beginning of the year	8,243,846	8,243,846
Provision for the year	2,000,000	-
Balance at the End of the Year	10,243,846	8,243,846

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16) Receivables

This details of this account is as follows:

<i>In Jordanian Dinars</i>	As of December 31,	
	2018	2017
Municipalities and village councils	1,424,535	1,491,139
Government entites	52,177,214	40,601,695
Companies and contractors	3,727,811	804,279
Others	5,573,847	4,783,242
	62,903,407	47,680,355
Less : provision of doubtful debts	(787,559)	(787,559)
Less : provision of governement entities interest	(3,852,028)	(3,852,028)
	58,263,820	43,040,768

17) Other Debit Balances

This details of this account is as follows:

<i>In Jordanian Dinars</i>	As of December 31,	
	2018	2017
Prepaid expenses	1,477,314	1,358,000
Refundable for departments of land	771,713	802,755
Sales tax deposit	417,281	475,968
Construction under process	37,202	8,448
Refundable deposit	26,759	19,878
	2,730,269	2,665,049

18) Cash on hand and at Banks

<i>In Jordanian Dinars</i>	As of December 31,	
	2018	2017
Current accounts at Banks	394,320	571,985
Total Current Accounts at Banks	394,320	571,985
Less : Due to Banks*	(240,792,314)	(234,768,361)
Cash and Cash equivilants for the purpose of cash flow	(240,397,994)	(234,196,376)

*The due to banks items represent:

*The due to banks items represent:				As of December 31,	
Bank	Interest	Collateral	Maturity date	2018	2017
<i>In Jordanian Dinar</i>					
Due to local banks	% 6 - %7.25	Company's gurantee	Annually renewed	240,792,314	234,768,361
				240,792,314	234,768,361

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19) Statutory Reserve

According to Jordanian Companies Law No. 22 of 1997; the public shareholding company shall deducts 10% of their annual profits to calculate statutory reserve, and will continue on this deduction every year so that it does not exceed the total of 25% of the Group's authorized capital.

20) Dividend Distribution

The General Assembly has resolved in their ordinary meeting held on April 26, 2018 to distribute cash dividends at 5% from the Company's paid up capital which is equivalent to JOD 4,178,648 each as his/her share. And the distribution of bonus shares to the shareholders of 2,507,189 dinars equivalent to 3% of the paid up capital (2017: The General Assembly approved in its ordinary meeting held on April 27, 2017 on the distribution of cash dividends of 5.5% of the company's paid up capital, equivalent to 4,261,947 dinars and distribution of Bonus shares of JOD 6,082,965 equivalent to 7.85% of the paid-up share capital).

21) Bank Loans

This item consist of the following:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Loans due within one year	1,457,000	4,375,000
Loans due more than one year	48,543,000	50,000,000
	50,000,000	54,375,000

*The table below represent the loans granted by the local banks to finance working capital and to execute and develop of projects under constructions for the Company:

<i>In Jordanian Dinar</i>	Interest	Collateral	Maturity date	December 31,	
				2018	2017
Declining Loans	5%	Company's gurantee	Several, the last one in August 30, 2031	50,000,000	54,375,000
				50,000,000	54,375,000

22) Subscribers' Refundable Deposits

This item represents the balance of the refundable deposits which the Company collects when it delivers the electricity to the subscriber as a deposit for electricity consumption based on the instruction delivery costs for services that provide the concessionaire electricity companies to subscribers and currently the license articles obtained by the Group which states the same methodology.

- The movement on the subscribers' Refundable deposit account during the year was as follows:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Balance at the beginning of the year	108,785,375	100,330,408
Collected during the year	9,746,323	9,850,641
Paid during the year	(1,771,397)	(1,395,674)
Balance at the End of the Year	116,760,301	108,785,375

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23) Provision of End-of-Service Indemnity

The Company offers benefits to its employees represented by the provision for end-of-service indemnity, which aims to provide a benefit to employees after the end-of-service, where the benefit granted to the employee who ended his service and has the right to collect these benefits based on the Company's internal policies.

The Company uses an actuarial expert to determine the present value of future benefits to employees, where the details are as follows:

a- The present value of end-of-service:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
The present value for the commitment to employees in service	20,012,246	19,274,843
Additional provision over the employee out-of-service	241,881	279,284
Balance at the End of the Year	20,254,127	19,554,127

b- The movement on the end of service account during the year was as follows:

<i>In Jordanian Dinar</i>	2018	2017
Balance beginning of the year	19,554,127	19,354,127
Current year service and interest expense	4,407,525	3,836,618
Less: Provision for end-of-service indemnity paid during the year	(3,707,525)	(3,636,618)
Balance at the End of the Year	20,254,127	19,554,127

c- Basic assumptions

The following table present the optimal estimates of the variables adopted by the Company which will determine the maximum cost of a dedicated end-of-service indemnity:

	2018	2017
Discount rate	7.5%	7.5%
Salary escalation rate	4.5%	4.5%
Employee data:		
Number of employees	2,278	2,382
Average age factor	45	44.2
Average service	19.8	19.3
Total monthly wages subject to the end-of-service for employees	2,688,690	2,702,373

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24) Obligation for Employee Funds

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Medical Services Fund	6,607,145	6,883,767
Employees Provident Fund	9,299,305	7,351,329
Health Insurance Fund after Retirement	3,303,606	3,142,879
Life Insurance Fund	207,945	137,351
Solidarity Fund	592,905	858,812
	20,010,906	18,374,138

These funds are considered a separate legal entities. The Company is responsible for the management of these funds on behalf of employees and union workers, all funds associated with these transactions are recorded through the Company's accounts, which require registration of amounts due from these transactions as liabilities for these funds. The interest rate on part of these liabilities was 2.5% -5.25%.

25) Payables

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
National Electric Power Co- NEPCO	336,881,771	235,315,147
Government entities	29,523,043	25,442,385
Companies payables and other	22,830,343	25,175,794
Employee payables	1,169,367	267,557
	390,404,524	286,200,883

26) Other Credit Balances

The details of this account is as follows:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Undistributed dividends	3,092,166	2,935,340
Other provisions	1,314,015	318,114
Expenses and accrued interest	3,712,857	2,521,324
Social security deposit	540,819	549,096
Unearned Revenue	64,750	62,125
Network Insurance	67,850	67,850
Insurance of lines bidding	10,410	10,410
	8,802,867	6,464,259

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27) Revenues from Sales of Energy

The details of this account is as follows:

<i>In Jordanian Dinar</i>	For the Year Ended December 31,	
	2018	2017
Residential	289,703,705	317,403,212
Governmental	62,061,938	37,897,777
Commercial	209,290,481	217,286,258
Small Industrial	46,002,398	46,682,037
Large Industrial	121,967,898	128,188,956
Agricultural	8,579,091	8,771,097
Water Pumps	40,282,416	38,423,371
Regular	30,298,256	72,891,180
Hotels	4,711,951	2,624,885
Radio and TV	958,376	1,008,086
Commerical Agricultural	1,019,787	1,114,964
Triple Agricultural	4,695,720	4,032,137
Employees	797,506	1,018,550
Armed Forces	35,835,681	39,176,426
Banks	20,877,582	23,115,681
Telecommunication	30,410,692	34,267,092
Temporary Meters	14,817,311	15,002,560
Estimated Lumps	8,014,778	6,972,054
Street Lighting	20,048,436	20,442,896
Renewable Energy Transit	22,883	12,665
Private Hospitals	12,521,667	4,499,696
Large Industrials	3,685,801	-
Charging Electric Vehicles	68,987	-
Triple Tarrif Hotels	5,793,977	2,024,989
	972,467,318	1,022,856,569

28) Cost of Energy Purchases

The details of this account is as follows:

<i>In Jordanian Dinar</i>	For the Year Ended December 31,	
	2018	2017
Energy purchased – Day	587,682,390	636,279,461
Energy purchased – Night	189,548,688	204,140,639
Maximum load	60,886,274	62,443,302
Purchases of Renewable energy	-	633,461
	838,117,352	903,496,863

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29) Revenues / Expenses from Other Core Operations

The details of this account is as follows:

<i>In Jordanian Dinar</i>	For the Year Ended December 31,	
	2018	2017
Meter installation revenue	1,966,717	2,600,121
Leased meters expenses	(2,163,593)	(2,425,806)
Leased meters fees	4,034,389	3,868,742
Private networks revenue	1,065,700	815,114
Private networks expenses	(607,677)	(237,739)
Wheeling of electrical energy revenue	556,745	168,688
Differences from the implementation of rural projects	(600,207)	(664,169)
Stamps and fees on the claims for rural fils	(7,860)	(12,030)
Fees in reconnecting meters	659,837	422,596
Total	4,904,051	4,535,517

30) Administrative, Operating and Subscribers' Services

The details of this account is as follows:

<i>In Jordanian Dinar</i>	For the Year Ended December 31,	
	2018	2017
Maintenance of transmission lines expenses (30-a)	2,173,903	1,768,753
Maintenance of distribution lines expenses (30-b)	24,719,749	22,495,721
Administrative expenses (30-c)	32,615,863	27,753,636
Subscribers' services expenses (30-d)	24,403,670	23,339,870
Control center expenses	1,117,394	1,277,950
Maintenance of general assets	718,906	674,612
	85,749,485	77,310,542

(30-a) Maintenance of Transmission Lines Expense

The details of this account is as follows:

<i>In Jordanian Dinar</i>	For the Year Ended December 31,	
	2018	2017
Overhead lines	662,866	747,877
Sub- stations	915,831	714,302
Supervision and engineering	344,420	211,792
Ground cables	56,594	59,226
Buildings	47,416	14,078
Miscellaneous	146,776	21,478
	2,173,903	1,768,753

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(30-b) Maintenance of Distribution Lines Expense

The details of this account is as follows:

<i>In Jordanian Dinar</i>	For the Year Ended December 31,	
	2018	2017
Overhead lines	9,258,353	8,271,860
Meters	5,517,695	5,234,160
Sub – stations	3,011,907	2,950,919
Ground cables	1,514,874	1,587,661
Supervision and engineering	1,465,559	1,114,595
Rent	1,274,075	904,526
Street lighting	446,960	416,542
Miscellaneous	2,230,326	2,015,458
	24,719,749	22,495,721

(30-c) Administrative Expense

This details of this account is as follows:

<i>In Jordanian Dinar</i>	For the Year Ended December 31,	
	2018	2017
Salaries and employee benefits	22,972,733	22,697,912
Variety and General	4,593,910	2,883,055
Assets insurance	518,079	529,199
Doubtful debt provision expense	2,000,000	-
Rent	778,963	677,128
Consulting	787,986	427,783
End of service indemnity expense	700,000	200,000
Office Supplies	214,192	288,559
Board of director's remunerations	50,000	50,000
	32,615,863	27,753,636

(30-d) Subscribers' Services Expenses

The details of this account is as follows:

<i>In Jordanian Dinar</i>	For the Year Ended December 31,	
	2018	2017
Meter reading and distribution of bills	20,286,431	19,420,371
Other services	2,364,640	2,215,363
Salaries and employee benefits	1,752,599	1,704,136
	24,403,670	23,339,870

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31) Revenues / Expense from Non-Core Operations

The details of this account is as follows:

In Jordanian Dinar

	For the Year Ended December 31,	
	2018	2017
TV fee revenues	795,978	766,762
Garbage fee revenue	2,830,306	2,801,061
Street-lighting maintenance expenses	(465,058)	(426,521)
Street-lighting maintenance revenue	947,277	287,759
Various revenues (subscriptions change and others)	367,835	667,744
Previous years adjustments	-	51,475
Revenue from studies of renewable energy systems	880,564	1,322,792
Capital losses	-	(253,367)
Gain on sale of Vehicles	7,494	-
Sale of scrap materials	987,127	234,537
Rent poles / Zain	73,875	70,063
Rent poles / Orange	60,300	69,300
Rent poles / Umniah	118,800	125,500
Investment income	53,218	211,923
(Loss) from valuation of shares	(23,299)	(356,235)
Profits from investments in Electrical Equipment Industrial Company	(134,391)	59,360
Profit (Loss) on currency differences	(8,429)	24,074
Network damage – Subscribers breakers replaced	179,500	333,148
Letter of gurantees revenue	-	358,260
Fiber optic networks rent revenues	16,880	16,880
	6,687,977	6,364,515

32) Expenses from Non-Core Operations

The details of this account is as follows:

In Jordanian Dinar

	For the Year Ended December 31,	
	2018	2017
Property tax and fees	123,111	89,482
Donations	48,347	29,068
The share of non-core activities of the common expenses	381,715	313,728
The share of non-core activities of depreciation expenses	164,025	138,099
	717,198	570,377

33) Finance Cost

The details of this account is as follows:

In Jordanian Dinar

	For the Year Ended December 31,	
	2018	2017
Loans interest	2,645,757	2,946,200
Credit facilities interest – due to banks	18,201,120	12,716,699
Interest for employees funds	614,495	449,978
License obligation interest	2,918,471	3,072,658
	24,379,843	19,185,535

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34) Late payments interest revenues

This item represents the interest income earned on the ministries, departments and governmental institutions due to the delay in paying electricity bills in favor of the Jordanian Electricity Company in accordance with Article 5 of the Electricity Tariff issued by the Energy and Minerals Regulatory Authority.

35) Late power payments interest expense

This item represents the interest expense charged to Jordan Electric Company as a result of the delay in paying energy bills purchased from the National Electricity Company.

36) Basic and Diluted Earnings Per Share from Profit for the Year

In Jordanian Dinar

	<u>2018</u>	<u>2017</u>
Profit for the year	9,417,279	7,902,589
Weighted average of number of share*	86,080,154	86,080,154
Basic earnings per share of current year profit	<u>0,11</u>	<u>0,09</u>
Diluted earnings per share of current year profit	<u>0,11</u>	<u>0,09</u>

*The weighted average of shares for the year ended December 31, 2017 has been adjusted to be 86,080,154 shares instead of the 83,572,965 shares the increase was resulted from distribution of free shares.

37) Contingent Liabilities

The Group has contingent liabilities as of the date of the consolidation financial statement as follow:

	<u>As of December 31,</u>	
<i>In Jordanian Dinar</i>	<u>2018</u>	<u>2017</u>
Determined value of legal Cases against the Company	1,353,556	1,771,541
Bank guarantees	100,000	149,600

*Moreover, the total cases filed by the Company against others as of December 31, 2018 amounted to JOD 6,841,251 (2017: 5,405,436 JOD) in addition to other cases with non-determined value.

38) Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments.

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

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Risk management framework

The management has overall responsibility for the establishment and oversight of Group's risk management framework.

The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

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

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

<i>In Jordanian Dinar</i>	Net book value As of December 31,	
	2018	2017
Subscribers receivables	541,779,223	451,488,036
Receivables	58,263,820	43,040,768
Other debit balances	1,252,955	1,307,049
Due from related parties	497,736	2,821,197
Cash on hand and at banks	394,320	571,985
	602,188,054	499,229,035

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customer operate, has less of an influence on credit risk.

The Group exclusively operates in the four cities Amman, Zarqa, Madaba and Salt. All the consumers in these cities are its customer. The impaired amounts under subscriber receivables are detailed in note (15). Any customer which is past due is considered as impaired and included in the provision calculation and estimates. Provisions are calculated based on net realizable value calculated in accordance with management's expectations for payment of these receivables.

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- Liquidity risk

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

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains line of credit from its bank for sudden cash requirements. Therefore, the group maintains line of credit facilities to meet short-term obligations in an overdraft accounts taken from several local banks in which the ceiling of the facilities from 50,000 to JOD 40,000,000, on interest rates on these facilities ranging between 6% to 7.25%.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

Non-derivative financial liabilities:

<i>In Jordanian Dinars</i>	<u>Book value</u>	<u>Contracted Cash flows</u>	<u>6 Months or less</u>	<u>12 - 6 Months</u>	<u>More than one year</u>
2018					
Bank loans	50,000,000	50,000,000	1,457,000	-	48,543,000
Subscribers' refundable deposits	116,760,301	116,760,301	-	-	116,760,301
Obligation for Employees benefit funds	20,010,906	20,010,906	-	-	20,010,906
Payables	390,404,524	390,404,524	390,404,524	-	-
Other credit balances	8,802,867	8,802,867	8,802,867	-	-
Due to banks	240,792,314	240,792,314	240,792,314	-	-
Provision for end-of-service indemnity	20,254,127	20,254,127	-	-	20,254,127
License obligation/ government	37,419,908	37,419,908	5,000,000	-	32,419,908
	<u>884,444,947</u>	<u>884,444,947</u>	<u>646,456,705</u>	<u>-</u>	<u>237,988,242</u>
2017					
Bank loans	54,375,000	54,375,000	4,375,000	-	50,000,000
Subscribers' refundable deposits	108,785,375	108,785,375	-	-	108,785,375
Obligation for Employees benefit funds	18,374,138	18,374,138	-	-	18,374,138
Payables	286,200,883	286,200,883	286,200,883	-	-
Other credit balances	6,464,259	6,464,259	6,464,259	-	-
Due to banks	234,768,361	234,768,361	234,768,361	-	-
Provision for end-of-service indemnity	19,554,127	19,554,127	-	-	19,554,127
License obligation/ government	39,501,437	39,501,437	5,000,000	-	34,501,437
	<u>768,023,580</u>	<u>768,023,580</u>	<u>536,808,503</u>	<u>-</u>	<u>231,215,077</u>

The Group liquidity position as of date of consolidated financial statements was as follow:

<i>In Jordanian Dinars</i>	<u>As of December 31,</u>	
	<u>2018</u>	<u>2017</u>
Current assets	606,474,380	503,596,103
Less : Current liabilities	650,086,507	(539,216,710)
(Deficit) in working capital	<u>(43,612,127)</u>	<u>(35,620,607)</u>

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The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations through its operating future cash flows and borrowing; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

- Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Group's profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- Currency Risk

Most of the Group's financial assets and liabilities are in Jordanian Dinar. Most of the Group's transactions in general are in Jordanian Dinar and US Dollar. Due to the fact that the Jordanian Dinar is pegged with US Dollar, the Group's management believes that the foreign currency risk is not material on the financial statements.

The summary of quantitative data about the Group's exposure to foreign currency risk provided to management of the Group based on its risk management policy was as follows:

In Jordanian Dinars

2018	JOD	EURO	USD	GBP	LBP
Cash on hand and at banks	45,502	183,293	163,093	2,432	-
Financial assets at fair value through profit or loss	1,656,827	-	-	-	1,738
	<u>1,702,329</u>	<u>183,293</u>	<u>163,093</u>	<u>2,432</u>	<u>1,738</u>
2017					
Cash on hand and at banks	218,196	188,120	163,093	2,576	-
Financial assets at fair value through profit or loss	1,672,327	-	-	-	1,738
	<u>1,890,523</u>	<u>188,120</u>	<u>163,093</u>	<u>2,576</u>	<u>1,738</u>

- Sensitivity analysis

A strengthening (weakness) of the JOD, as indicated below, against the EURO, USD, GBP and LBP as of December 31 would have increased (decreased) consolidated equity and consolidated profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2017, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

In Jordanian Dinars

	Decrease		Increase	
	Equity	Loss	Equity	Income
2018				
EURO (10% change)	(18,329)	(18,329)	18,329	18,329
USD (10% change)	(16,309)	(16,309)	16,309	16,309
GBP (10% change)	(243)	(243)	243	243
LBP (10% change)	(174)	(174)	174	174
	<u>(35,055)</u>	<u>(35,055)</u>	<u>35,055</u>	<u>35,055</u>

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<i>In Jordanian Dinars</i>	Decrease		Increase	
	Equity	Loss	Equity	Income
2017				
EURO (10% change)	(18,812)	(18,812)	18,812	18,812
USD (10% change)	(16,309)	(16,309)	16,309	16,309
GBP (10% change)	(258)	(258)	258	258
LBP (10% change)	(174)	(174)	174	174
	(35,553)	(35,553)	35,553	35,553

- Interest rate risk

At the reporting date of consolidated financial statements the interest rate profile of the Group's interest-bearing financial instruments was as follows:

<i>In Jordanian Dinar</i>	2018	2017
Fixed Rate Instruments:		
Financial Liabilities	310,803,220	307,517,499
	310,803,220	307,517,499

Sensitivity Analysis

An increase in the interest average rate by 1% will lead to increase in finance expense with an amount of JOD 3,108,032 a decrease in the interest average rate by 1% will lead to decrease in finance expense with an amount of JOD 3,108,032.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through consolidated profit or loss, Therefore a change in interest rates at the reporting date would not affect the Consolidated statement of comprehensive profit or loss.

- Other market price risk

Equity price risk arises from financial assets at fair value through Consolidated other comprehensive income held for meeting partially the unfunded portion of the Group's obligations as well as investments at fair value through Consolidated profit or loss. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee.

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Sensitivity analysis for equity price risk

A change of 5% in fair value as of consolidated financial statements of the securities at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity	
	5% Increase	5% decrease	5% Increase	5% decrease
2018				
<i>In Jordanian Dinar</i>				
Financial assets at fair value through profit or loss	82,928	(82,928)	82,928	(82,928)
	<u>82,928</u>	<u>(82,928)</u>	<u>82,928</u>	<u>(82,928)</u>
2017				
<i>In Jordanian Dinar</i>				
Financial assets at fair value through profit or loss	83,703	(83,703)	83,703	(83,703)
	<u>83,703</u>	<u>(83,703)</u>	<u>83,703</u>	<u>(83,703)</u>

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, non-redeemable preference shares, retained earnings and non-controlling interests of the Group.

The management monitors the return on capital, which is management defined as net operation income divided by total shareholders' equity.

The management seeks to maintain a balance between the highest returns that might be possible with highest levels of borrowings and the advantages and security afforded by a sound capital position.

Debt-to-adjusted Capital Ratio

<i>In Jordanian Dinar</i>	2018	2017
Total Debt	1,074,725,435	951,841,191
(Less) Cash on hand and at banks	(394,320)	(571,985)
Net Debt	<u>1,074,332,715</u>	<u>951,269,206</u>
Adjusted capital	<u>123,503,986</u>	<u>118,251,609</u>
Debt - to- adjusted capital ratio	<u>8.71</u>	<u>8.04</u>

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39) Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

A. Financial assets and liabilities that are measured at fair value on a recurring basis:

		December 31, 2018			
		Carrying Amount	Fair Value		
<i>Jordanian Dinar</i>			Level 1	Level 2	Level 3
Financial Assets					
Cash on hand and at banks	394,320	394,320	-	-	-
Financial assets at fair value through profit or loss	1,658,565	1,658,565	-	-	-
Investment in associate	1,245,593	-	1,245,593	-	-
Financial liabilities					
Due to banks	(240,792,314)	(240,792,314)	-	-	-
		Carrying Amount	December 31, 2017		
<i>Jordanian Dinar</i>			Fair Value		
			Level 1	Level 2	Level 3
Financial Assets					
Cash on hand and at banks	571,985	571,985	-	-	-
Financial assets at fair value through profit or loss	1,674,065	1,674,065	-	-	-
Investment in associate	1,379,984	-	1,379,984	-	-
Financial liabilities					
Due to banks	(234,768,361)	(234,768,361)	-	-	-

There were no transfers between level 1 and level 2 during the year 2017 and 2018.

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B. Financial assets and liabilities that are not measured at fair value:

<i>Jordanian Dinar</i>	Carrying Amount	December 31, 2018		
		Fair Value		
		Level 1	Level 2	Level 3
Financial assets				
Subscribers receivables	541,779,223	-	541,779,223	-
Due from related parties	497,736	-	497,736	-
Receivables	58,263,820	-	58,263,820	-
Financial Liabilities				
Bank Loans	50,000,000	-	50,000,000	-
Subscribers refundable deposits	116,760,301	-	116,760,301	-
Obligation for employee funds	20,010,906	-	20,010,906	-
Payables	390,404,524	-	390,404,524	-

<i>Jordanian Dinar</i>	Carrying Amount	December 31, 2017		
		Fair Value		
		Level 1	Level 2	Level 3
Financial assets				
Subscribers receivables	451,488,036	-	451,488,036	-
Due from related parties	2,821,197	-	2,821,197	-
Receivables	43,040,768	-	43,040,768	-
Financial Liabilities				
Bank Loans	54,375,000	-	54,375,000	-
Subscribers refundable deposits	108,785,375	-	108,785,375	-
Obligation for employee funds	18,374,138	-	18,374,138	-
Payables	286,200,883	-	286,200,883	-

For items illustrated above, level 2 fair values for financial assets and liabilities have been determined based on effective Interest rates and the agreed upon pricing models, which reflects credit risks for parties dealing with the Group. Management believes that the carrying amount of these financial assets approximate their fair value due to their short term maturities.

There were no transfers between level 1 and level 2 during the year 2017 and 2018.

40) Comparative Figures

Some comparative figures have been reclassified to match current year classification. This adjustment has no effect on the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in ownes' equity for the year 2017.

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Annex 1

A) Medical Services Fund

<i>In Jordanian Dinar</i>	2018	2017
Revenues		
Company Contribution	2,111,307	2,150,378
Employees Deductions	650,548	661,936
Employees Contribution	508,412	505,067
Total Revenues	3,270,267	3,317,381
Expenses	(3,546,889)	(3,315,929)
(Deficit) Surplus for the Year	(276,622)	1,452
Surplus at beginning of the year	6,883,767	6,882,315
Contributions and interests adjustments	-	-
Surplus at the end of the year	6,607,145	6,883,767

B) Employees Provident Fund

<i>In Jordanian Dinar</i>	2018	2017
Assets		
Balances of Housing loans	8,882,943	10,370,688
Investments in financial assets at fair through other comprehensive income	745,947	864,793
Advances to employees	12,652,782	12,802,749
Total Assets	22,281,672	24,038,230
Liabilities		
Employees savings and provisions	30,463,826	30,292,248
Dividend income	12,302	12,302
Imports	450,372	311,910
Fair value reserve	654,478	773,099
Total Liabilities	31,580,978	31,389,559
Balance at end of the year	9,299,306	7,351,329

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C) Health Insurance Fund after Retirement

- On 1 April 2011, the Company entered into a health insurance fund for the employees of the Jordan Electricity Company after retirement.

<i>In Jordanian Dinar</i>	2018	2017
Revenues		
Company Contribution	323,291	330,358
Employees Deductions	323,291	330,358
Retirement subscriptions	118,246	88,318
Other	158,150	107,892
Total Revenues	922,978	856,926
Expenses	(762,252)	(526,491)
Surplus for the year	160,726	330,435
Surplus at beginning of the year	3,142,879	2,812,444
Additions to surplus	-	-
Surplus at the end of the year	3,303,605	3,142,879

D) Life Insurance Fund

<i>In Jordanian Dina</i>	2018	2017
Revenues		
Company Contribution	192,092	194,344
Employees Deductions	192,092	194,344
Total Revenues	384,184	388,688
Expenses		
Paid deposit	(313,589)	(320,198)
Surplus (Deficit) for the year	70,595	68,490
Surplus at beginning of the year	137,351	68,861
Surplus at the end of the year	207,946	137,351

- The Company has signed a life insurance policy with Arab European Insurance Company to transfer the risk of any additional claims to the Fund.

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E) Solidarity Fund

- On 1 May 2014, the Company introduced the Takaful Fund System for the employees of Jordan Electricity Company.

In Jordanian Dinar

	2018	2017
Revenues		
Company Contribution	522,915	544,883
Employees Deductions	522,915	544,883
Purchase of employee Subscription	13,263	22,431
Total Revenues	1,059,093	1,112,197
Expenses		
Employees compensation	(1,325,000)	(1,200,000)
(Deficit) Surplus for the year	(265,907)	(87,803)
 Surplus at beginning of the year	 858,812	 946,615
Surplus at the end of the year	592,905	858,812