The Hashemite Kingdom of Jordan

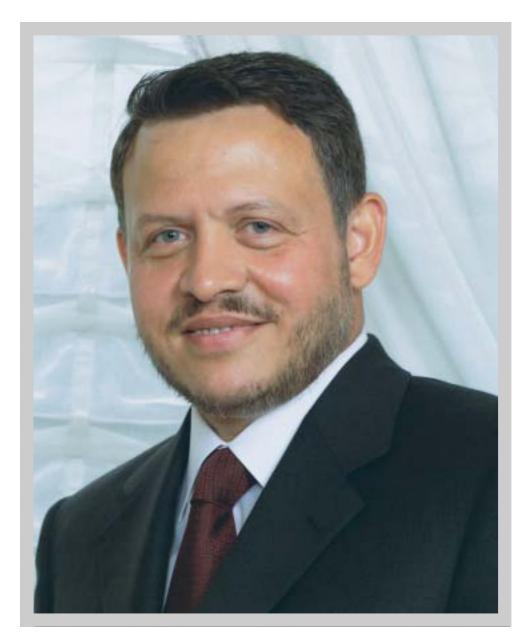


NATIONAL ELECTRIC POWER COMPANY



ANNUAL REPORT





H. M. King Abdullah The Second Ben Al-Hussein

Chairman and Board Members of the National Electric Power Company are Honoured to submit the 39th Annual Report of the Year 2005 to His Majesty King Abdullah The Second Ben Al-Hussein.

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Vice Chairman Eng. Khaldoun Qutishat General Secretary of Ministry of Energy & Mineral Resources

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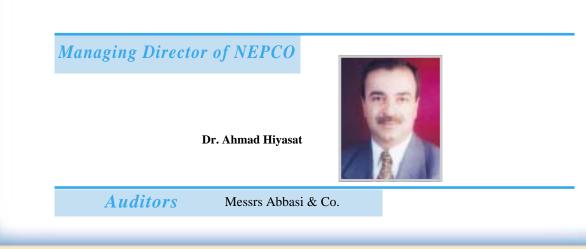
Dr. F. Elkarmi Private Sector



Dr. A. Al-Fauri Private Sector



Eng. Malek Kabariti President of National Energy Research Center



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Abbreviation

NEPCO	National Electric Power Company
CEGCO	Central Electricity Generating Company
EDECO	Electricity Distribution Company
JEPCO	Jordan Electric Power Company
IDECO	Irbid District Electricity Company
SEPGCO	Samra Electric Power Generation Company
HTPS	Hussein Thermal Power Station
QAIA	Queen Alia International Airport
SS	Substation
G.N.P	Gross National Product
P.S	Power Station
ATPS	Aqaba Thermal Power Station
T.T.O.E.	Thousand Ton of Oil Equivalent
G.T.	Gas Turbine
OHL	Overhead Line
p.a.	per annum
H.F.O	Heavy Fuel Oil
Kgoe	Kilogram of oil equivalent

Measures

Jordan Dinar (10^3 Fils) Kilovolt (10^3 Volt) Kilovolt Ampere (10^3 Volt Ampere) Mega volt Ampere (10^3 kVA) Kilowatt (10^3 Watt) Megawatt (10^6 Watt) Kilowatt-hour (10^3 Watt-hour) Megawatt-hour (10^6 Watt-hour) Kilometer (10^3 Meter)
Kilometer (10 ³ Meter) Gegawatt-hour (10 ⁹ Watt-hour)

A message from the Managing Director

The National Electric Power Company (NEPCO) continued its efforts, alongside with the other parties involved in the electricity sector, to bolster the national economy and serve the local community by the continuous development of the national grid and the electrical interconnection ties with the neighboring countries through adapting modern technologies and technical techniques in order to be consistent with the growing demand for the electricity industry which is considered the first pre-requisite for the economy in the world.



NEPCO, continued during the last years to expand its existing main substations in the Kingdom, in addition to constructing new main substations and transmission lines.

NEPCO also accomplished all the operational procedures, and preventive and routine maintenance for all components of the national grid. It also continued to implement the scheduled future plans in addition to all works commissioned to NEPCO by the government.

NEPCO has given a special privilege for improving the reliability and continuity levels of providing electricity to all consumers. Nevertheless, the electric system faces sometimes some of problems, which are out of control.

On the occasion of releasing NEPCO's annual report, I have the pleasure to convey my thanks to his Excellency, the Chairman, and the Board members of the Board of Directors for their diligent cooperation, support and directing NEPCO's works.

I like also to present my gratitude to all the company's employees in all their sites for their fruitful efforts which had led to improving the company's performance efficiency and putting it on the list of the first set of distinguished companies in the country.

Meanwhile, I ask the Almighty God to guide us in the service of the country and citizens under the leadership of His Majesty King Abdullah The Second Ben Al-Hussein.

Dr. Ahmad_Hiyasat

Managing Director

National Electric Power Company (NEPCO)

Vision

To elevate the Company's status in all aspects to world standards at the same class of the best regional and international electric utilities.

Mission

Provision of secured electric energy; with high levels of reliability of the electric power system; and continuity of supply of electric energy demand at economical prices pursuant to international quality standards; meeting environmental requirements and good business practice in exchanging electric energy with neighboring countries; consolidation of corporate governance at the company; achieving optimal investment in the infrastructure of the electric power transmission grid for the benefit of society; contribution in the technology transfer; attraction of national and international investments in electricity sector and creation of job opportunities for Jordanian professionals.

Energy and Electricity in 2005

The Government of Jordan represented by the Executive Privatization Commission and the Ministry of Energy and Mineral Resources (MEMR) continued the completion of the procedures of privatizing the electricity generation and distribution activities. The assigned consultant by MEMR completed the first and the second stages of the privatization study of the generation and distribution activities, which included studying the technical, financial, legal and environmental aspects of the electricity sector's structure, evaluating the electricity companies, preparing the privatization strategy and the related tender documents and agreements.

The consultant prepared also the time schedule needed for privatizing the Central Electricity Generating Company (CEGCO) and prepared pre-qualification conditions (Strategic Partnership) as well.

On April 5, 2004, the tender procedures for selling about (51%) of CEGCO were commenced. The investor's pre-qualification stage was started and then the data investigation stage was carried out by the qualified investors and finally ended by submitting the final offers which were received on 6/1/2005. These offers were evaluated and found to be lower than the required level.

Upon the willingness of some of the financial investors to purchase part of CEGCO exhibited for selling, the Cabinet of Ministers took a decision in his session held on 21/6/2005 to give the financial investors a chance to participate in the bidding, and the participation should not be confined only to strategic partners. Accordingly, the consultant was requested to make the necessary modifications and update the tender documents of privatizing this company in order to enable the participation of those financial investors in this bidding.

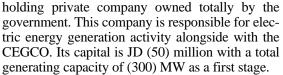
In addition to that, the cabinet decided to start the privatization process of Electricity Distribution Company (EDCO), in order to sell the whole company and to sell also the government's share in Irbid District Electricity Company (IDECO), which amounts to (55.4%). This process has to be done in parallel with the privatization program of CEGCO without waiting for achieving progress in implementing the generation privatization process.

The privatization of Samra Electric Power Generating Company (SEPGCO) will be implemented through a competitive tender. The tender documents and the necessary agreements for the process of selling the company will be prepared through employing an international consultant by the Executive Privatization Commission. The required procedures for preparing the terms of reference needed for employing this consultant are progressing. The tenders for privatizing this company will be issued in due time.

SEPGCO was established in the year 2003, in accordance with the Companies Law, as a share-



Board of Directors Visiting to Ishtafina S/S



MEMR issued a tender for constructing a new power station situated at Amman East (Al-Manakher area) on a (B.O.O) basis with a total generating capacity of (280-400) MW. This power station will be a combined cycle plant and fuelled by the natural gas as main fuel. It is expected to operate the first stage, which comprises two gas units in June 2008, while the second stage comprises one steam unit, which on its completion will form together with the two gas turbines a combined cycle set. This set will be operated in June 2009. This power station will be interconnected with the national grid through an outdoor 400 kV substation. This substation is considered to be a central substation for larger future extension to interconnect the national grid with other neighboring countries, in addition to enhancing the existing interconnection with the national grid.

And to enhance the generation capacity, MEMR requested from SEPGCO to add another (100) MW steam unit and to be an operation by mid of 2007 implementation of the second stage of the Egyptian gas pipeline, that extends from Aqaba city to the Syrian borders with a length of (380) km was completed. This stage aims to supply the natural gas to the central and northern parts of the kingdom and thereafter to the Syrian borders. This gas pipeline will supply natural gas to both Rehab and Samra power stations.

In the beginning of year 2006, it is expected to start, implementing the third stage of the gas project, which extends from the Syrian-Jordanian borders to the Hims city in Syria with a length of (310) km, and this pipeline will then extend from Hims city to the Turkish borders in order to export Egyptian natural gas to Turkey and Europe. It is expected to complete the implementation of this stage by March 2007.

NEPCO continued work to achieve its stated mission to develop the national grid and the electrical interconnection with neighboring countries, while paying attention to the quality standards, public safety and environment, purchasing electrical energy from different sources and transmitting and selling this energy to the distribution companies and the bulk supply consumers supplied directly from the national grid and scattered all over the kingdom, and exchanging as well the electrical energy with other countries through importing and exporting. To achieve this goal, NEPCO updated in January 2005 the contract agreement to exchange the electrical energy with the Egyptian Electricity Transmission Company for meeting the country's needs of electrical energy within the available limits during the year 2005.

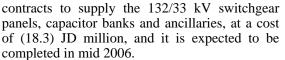
NEPCO updated also in June 2005 the contract agreement for the years (2005-2006) with the Syrian Public Establishment for Electricity Generation and Transmission.

During the year 2005, NEPCO constructed 132 and 400 kV transmission lines needed for connecting the main substations in order to secure the continuity of the power supply for the consumers. Furthermore, many transmission projects, construction of new main substations, and expanding the existing substations are being carried out.

The National Electric Power Company (NEPCO) commenced implementing the project of replacing the existing 132 kV overhead transmission lines by 132 kV underground cables in some of Amman areas of intensive population, with the aim of maintaining public safety for the inhabitants. The tender was awarded to the Korean Company (LG) in the second quarter of the year 2004. This company commenced the implementation of the project and it is expected to complete it in June 2006. The estimated cost of the project is about JD (10) million. The project consists of two parts: the first part links Amman South substation with Abdoun substation with a length of (7.5) km, while the second part links Bayader substation with Tareq substation with a length of (14) km. However, NEPCO plans, on the long run, to replace all the 132 kV overhead lines passing over the inhabitated areas by 132 kV, underground cables within the available financial capabilities.

During the year 2005, NEPCO completed the implementation of constructing a communication system project of fiber optic cables serving the official Jordanian universities. This project was included within the know-how communication program, which was implemented through an agreement signed between NEPCO and Ministry of Communication and Information technology.

During the year, NEPCO constructed and expanded a number of main substations of 400/132/33 kV and 132/33 kV, the added transforming capacities in the year 2005 were (496) MVA. The Qatrana substation of 400/132/33 kV of capacity (480) MVA was operated. The extension of the Qatrana substation of 132/33 kV of capacity (16) MVA was also operated. NEPCO also signed many



During the year 2005, NEPCO carried out a number of activities in the fields of operation, annual routine and preventive maintenance for all the components of the transmission network. This comes out of the company's keenness on playing its role fully alongside with the other electricity companies in order to secure the safe electrical energy, maintain the reliability of the electrical system and the continuity of electric supply to all consumers with economic cost standards, complying with international requirements of environment and exchange of electrical energy with other countries.

In comparison with the year 2004, the year 2005 witnessed a considerable growth of some of the economic sectors accompanied by a growth in the demand for electricity. The growth rate for both generated and imported energy was about (8.6%) where as the growth of the electrical loads was about (12.6%). These figures are compared against (9.2%) for generated and imported electrical energy and (9%) for the electrical loads during the year 2004.

The available generating capacity of the Jordanian power system in 2005 amounted to about (1873) MW. To meet the increasing growth in demand on electricity in the kingdom, CEGCO added one steam turbine of (100) MW capacity in Rehab power station and converted the power station, in May 2005, to operate as a combined cycle system burning natural gas. This power station was operated on natural gas in the beginning of March 2006. In addition to this project, CEGCO added a fifth gas turbine at Risha power station raising its total capacity to (150) MW.

SEPGCO is constructing a power station of combined cycle of (300) MW capacity. This power station will burn natural gas. The first gas turbine unit of (100) MW capacity was operated in September 2005, while the second gas turbine unit of (100) MW capacity was operated in January 2006. The two units started burning the imported Egyption natural gas in February 2006. The steam part of this power station is expected to be in operation in September 2006 and thus the plant will operate at its full capacity.

Jordanian Economy

The economic indicators showed that the Jordanian economy has continued its satisfactory growth in spite of the conditions and challenges,

which are facing the region. This success is related by to the procedures and wise policies implemented by the government in this field.

The growth rate of the Gross National Product (GNP) in the year 2005 amounted to about (6%) in fixed prices against (10.2%) in 2004. This growth reflects the active movement by various Jordanian economic sectors and governmental endeavors to achieve the principle of self-support and provide an economic environment suitable for catalyzing investments. This was achieved through legislating the economic laws by the government in addition to the existing political stability. security measures and sound international relations.

Indicators of the general level of prices showed a satisfactory stability as the cost of living index amounted to (158.9) in 2005 against (153.6) in 2004, with an inflation rate of about (3.5%).

The Jordanian Dinar exchange remained stable against the dollar leading to financial and monetary stability in the kingdom.

Demand For Primary Energy

The demand for primary energy in 2005 was about (7) million tons of oil equivalent (M.T.O.E), which means a growth rate of (8%) against a growth rate of (12.44%) in 2004 (table no. 5).

The average per capita consumption of primary energy in 2005 was about (1278) kg of oil equivalent (kgoe) against (1213) kgoe in 2004.

The electricity sector ranked first in primary energy consumption. Its consumption share was (34.1%) of the total primary energy consumed in 2005 against (34.7%) in 2004 (table no. 11). This means that the electricity sector share of energy constitutes a high ratio of the total consumption because it is more efficient, clean and easily used, in addition to its widespread distribution as it is available to more than (99.9%) of the kingdom's population.

It is worth mentioning that CEGCO is the largest consumer of primary energy in the electricity sector, having consumed about (93.6%) of the total fuel used in electricity generation in 2005 against (93.8%) in 2004.

Demand For Electricity

The demand for electricity continued rising in the year 2005, where the total peak load in the kingdom was (1751) MW in 2005, against (1555) MW in 2004, with a growth rate of (12.6%). The peak load of the interconnected



system was (1710) MW in August 2005 against (1515) MW in July 2004, with a growth rate of (12.9%) (Table no. 12).

The generated and imported electrical energy in the kingdom was (10636) million kWh in 2005, against (9793) million kWh in 2004 with a growth rate of (8.6 %).

The electricity production of the interconnected system was (10314) million kWh with a growth rate of (8.8%) against 2004. (Table no. 9)

CEGCO contributed (94.1%) of the total generated electricity in 2005, while the other parties contributed about (5.9%) of the total production.

Electricity consumption in the kingdom amounted to (8712) million kWh in 2005 against (8089) million kWh in 2004 (Tables No. 13, 14), which means an annual increase of (7.7%) against (10.3%) in 2004.

The average per capita consumption of electricity was (1939) kWh in 2005, against (1830) kWh in 2004.

The sectorial distribution of electricity consumption in 2005 was as follows:

Sector	Consumption (GWh)	Sector Weight (%)
Industrial	2629.5	30.53
Domestic	2989.1	34.31
Commercial	1316.4	15.11
Water Pumping	1298.3	14.90
Others	448.9	5.10
Total	8712.2	100

Consumers

NEPCO and the distribution companies JEPCO, IDECO and EDCO continued to meet the needs of the new consumers by connecting (62) thousands new consumers in the kingdom in 2005, against (53) thousand new consumers in 2004.

The total number of consumers, by the end of 2005, was (1129) thousand consumers against (1067) thousand in 2004, with a growth rate of (5.8%) against (5.2%) in 2004 (tables 18,19).

The number of consumers in JEPCO concession area, by the end of the year 2005, was (739) thousand, against (697) thousand in 2004.

IDECO consumers were (251) thousand against (237) thousand in 2004, while EDCO

consumers were (139) thousand against (133) thousand in 2004.

Electric Power System Projects

Throughout the year 2005, all the parties concerned with the electric power system development, namely MEMR, CEGCO, SEPGCO, NEP-CO and the distribution companies, continued their efforts to develop the generation capacities, transmission and distribution networks. The most important achievements and activities in this field in 2005 can be summarized as follows:

Generation Projects:

To meet the expected increasing demand for electrical energy in the kingdom in the coming years, CEGCO worked on implementing conversion of Rehab power station to combined cycle technology burning natural Gas by adding another gas turbine, and a steam turbine of (100) MW each. This combined cycle set was operated in the second quarter of 2005 raising the total capacity of the station to (360) MW of which (300) MW combined cycle unit and two gas turbines of (30) MW each. The station was run temporarily on diesel oil until the arrival of the natural gas imported from Egypt and it run on natural gas in the beginning of March 2006, through the second stage of the gas pipeline project, which is expected to be completed in the beginning of 2006.

As for Al-Risha power station, the government decided to commission CEGCO to add a fifth gas turbine of (30) MW at Al-Risha power station. This unit was operated commercially in February 2005. it will raise the total capacity of Al-Risha power station to (150) MW.

Samra Power Generation Project

Samra Electric Power Generation Company was established as a private shareholding generation company, which started the production of electrical energy in the beginning of September 2005. The government commissioned this company to construct a combined cycle unit of (300) MW capacity burning natural gas. This company commenced the implementation of this project. The first gas turbine unit of (100) MW capacity was operated in September 2005. This unit had run temporarily on diesel oil until the arrival of the natural gas to the plant site, which took place in February 2006, while the second gas turbine of (100) MW capacity had run by natural gas in February 2006. It is expected to operate the steam unit of (100) MW capacity in September 2006, since then the power station will operate at its full capacity burning natural gas. This power station was connected to the national grid through a 400 MVA substation and 400 kV transmission line connecting it to the Amman North substation. The generated energy of this plant in the year 2005 was (30) GWh constituting a (0.3 %) of the total generated energy in the kingdom.

The First Private Generation (IPP) Project

MEMR issued a tender of constructing the Amman East Power Generation Project at Al-Manakher site, using a combined cycle technology burning natural gas as main fuel. The generating capacity of this plant is (280-400) MW. It consists of two gas turbines and one steam unit. The gas part of the plant will be completed in June 2008, while the steam part will be completed in June 2009.

This power station will be connected to the national grid through an outdoor substation of 400kV, which will be constructed for this purpose. This substation will be considered as a central substation and suitable for any future expansion in order to interconnect the national grid with the neighboring countries in addition to enhancing the interconnection with the national grid.

Arab Gas Pipeline Project

This project includes constructing a 36 inch gas pipeline for exporting the natural gas from Egypt to Turkey and Europe through Jordan and Syria. A branch will be constructed to Lebanon. Iraq joined lately this project, aiming at exporting Iraqi gas through connecting the Iraqi gas pipeline with the Arab gas pipeline at a point which lies in the north of Hims city in Syria. The implementation of this line has not been commenced yet.

The first stage of the Arab gas pipeline was completed and inaugurated in July 2003. This stage extends from Al-Areesh in Egypt to Aqaba city in Jordan with a length of (268) km.

Al-Fajr Jordanian - Egyptian Company for Transport and Provision of natural gas started the works of the second stage of the gas pipeline project on 6/7/2004 and completed it during this year.

The second stage of this project extends from Aqaba to the Syrian borders with a length of (393) km, 36 inch diameter and gas transmission capacity of about (10) billion cubic meters annually. The cost of this stage amounts to US dollar (300) million. This stage will provide gas to all power stations in the center and north of the kingdom. The natural gas was provided to the two power stations at Rehab and Al-Samra sites by the end of January 2006.

As for the third stage of the project, the Syrian side assigned an international company to implement this stage of the gas pipeline which extends from the southern part of the Jordanian Syrian borders up to Hims city in Syria with a total length of (310) km and 36 inch diameter. It is expected to start the works early 2006, while the Turkish side will complete the northern part, which follows the third stage, and extends from Hims city to the Syrian Turkish borders with a length of (210) km 36 inch diameter. It is expected to operate fully the third stage, complete the connection with the Turkish gas network and export the Egyptian gas to Turkey and Europe in March 2007.

Projects Of Utilizing The Local Energy Resources For Electricity Generation

Natural Gas At Al-Risha:

The year 2005 witnessed a reduction in the generated electrical energy from Al-Risha power station. This reduction is due to the reduction of the quantities of natural gas which can be extracted and utilized for power generation at Al-Risha gas field. Two agreements were signed with oil exploration companies for exploring oil in eastern areas of Jordan. If the exploration efforts will succeed then the production of electrical energy from Al-Risha power station is expected to be increased with large quantities.

The extracted quantities of natural gas in the year 2005 amounted to (242) million cubic meters against (294) million cubic meters in the year 2004. i.e with a reduction of (17.7%).

The quantities of electrical energy generated at Al-Risha power station amounted to (647) GWh against (776) GWh in the year 2004 i.e. with a reduction of (16.6 %).

Oil Shale

The efforts of utilizing the oil shale were paused since a long time due to the high estimated cost of oil shale utilization. The economic feasibility studies, prepared at that time, showed that the utilization of the oil shale is not feasible in the light of the international oil prices prevailing at that time, but nowadays the international oil prices are facing a sharp increase which highlights the need to re-prepare an economic feasibility study for extracting the oil products from the oil shale. These studies can be commenced when recognizing the level at which the oil prices will be settled.

Wind Energy

The preparation of the studies are being carried out for utilizing new and renewable energy especially in the field of utilizing wind energy in generating electricity at a commercial level. The Ministry of Energy and Mineral resources is preparing, under the supervision of the World Bank, many studies for developing the renewable energy resources. These studies are financed by the Japanese grant that amounts to US dollar (1) million.

The Ministry obtained a grant with an amount of US dollar (350) thousand from the Global Environment Facility (GEF). This grant is allocated for preparing the necessary studies to determine the required support from GEF to make the wind energy project feasible. These studies will commence in the light of the findings of the study of the obstacles excision mentioned above.

Biogas

NEPCO participated in preparing the study "National Strategy For Biogas And Wastes Treatment" which was completed by the National Center For Energy Researches in co-operation with some of the ministries, corporations and governmental departments. This study included recommendations to overcome the technical, financial and legal constraints, which hinder the utilization of biogas resources and other energy resources available in the wastes. The follow up is continuing in order to overcome these constraints and facilitate the utilization of these resources.

The generated electrical energy in 2005 was (5) GWh against (6) GWh in 2004. The biogas power station contributed to curbing the emission of about (3.4) million cubic meter of methane gas into the environment.

Utilization Of Solar Energy Resources By Means of Photo Cells

Due to the high increase of oil international prices, the opportunities of utilizing other energy resources improved especially for renewable energy resources such as solar energy. The main constraint that hinders the utilization of solar energy by using photocells is the high cost of such photocells. However, these costs are facing continuous drop as a result of competitiveness, this may facilitate the utilization of such cells in broader fields such as supplying electricity to the national grid.

Based on the previous studies, and the issuance of the tender of the solar energy for generating electricity in the year 2002, and in the light of availability of imported natural gas in the Kingdom through the gas pipeline project, MEMR continues its contacts and coordination with the Ministry of Planning and International Cooperation, to secure the required financing for conducting a comprehensive feasibility study for constructing a combined thermal and solar energy project to generate electricity by both natural gas and solar energy.

NEPCO's Activities

NEPCO continued carrying out the missions assigned to it which achieve the following objectives:

- Conducting planning studies on the electric power system's needs for generation capacity, main substations and transmission lines expansion.
- Construction, planning, development, operation, maintenance, and management of the SCADA control systems, transmission grid and electric interconnection ties.
- Management of the processes of purchasing, transmitting, control and selling the electrical energy required inside Jordan and for the neighboring countries, in addition to conducting the planning studies required in this field.
- Providing services, consultancy and studies related to the electrical energy to various parties inside and outside Jordan.
- Setting a comprehensive quality control system for all NEPCO's activities, and following up its implementation and development.
- Purchasing the natural gas needed for the power stations and selling it to the generation companies.

NEPCO was keen to follow up its projects and issue the periodical reports about the work progress. During the year 2005, a database on the different stages of preparations that precede the projects implementation was accomplished. Furthermore, another database on projects under construction is being prepared and expected to be completed and put it into service by the end of the first quarter of 2006.

The projects and activities of NEPCO in 2005 can be summarized as follows:

* Projects for the Enhancement of the 132 kV Transmission Network, and the Electricity Supply Points to the Areas of the Distribution companies

To enhance the main electricity supply points to the areas of the distribution companies, NEP-CO continued during the year 2005, to implement, operate, test and complete constructing the following projects by its staff:



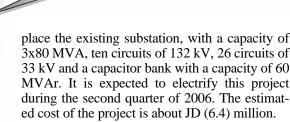
- Expanding Qatrana substation of 132/33 kV by adding one bay of 132 kV, and a new transformer of 132/33 kV with a capacity of (16) MVA. This expansion aims at improving and enhancing the electric power supplied to the distribution networks in this area. The estimated cost of the project is about JD (800) thousand. The project was electrified on 14/11/2005.
- Expanding Al-Hassan Industrial Estate substation of 132/33 kV by adding two bays of 132 kV. The project was electrified on 14/12/2005. The project cost is estimated about JD (328) thousand.
- Expanding Zarqa substation of 132/33 kV by expanding two new bays of 132 kV and replacing existing bays. It is expected to complete and electrify the project in the first quarter of 2006. The project cost is estimated about JD (1.042) million. The project aims to enhance the national grid and improve its reliability and increase its continuity.
- Expanding Queen Alia International Airport main substation of 132/33 kV. It includes an addition of a 132 kV double bus bar bay, two 33 kV bays and a transformer with a capacity of (45) MVA. This expansion aims to feed the factory of the United Iron and Steel Manufacturing Company. The estimated cost of the project is about JD (850) thousand. It is expected to electrify the project in the first quarter of 2006.
- Expanding the Amman South substation of 132/33 kV by adding three 132 kV bays and a new transformer of (45) MVA capacity. It is expected to electrify the project during the

second quarter of 2006. The estimated cost of the project is about JD (1.2) million.

- Expanding Al-Subeihi substation of 132/33 kV by adding two bays of 132 kV to connect this substation with Amman north substation of 400/132 kV and adding six sets of capacitor banks of (10) MVA each. This project is expected to be in operation during the second quarter of 2006. The estimated cost of the project is about JD (1) million.
- Expanding Al-Abdali substation of 132/33 kV by adding four bays of 33 kV to enhance JEPCO network in Al-Zarqa governorate. It is expected to electrify the project during the first quarter of 2006. The estimated cost of the project is about JD (350) thousand.
- Expanding Sahab substation of 132/33 kV by adding one transformer bay of 132 kV. The project is expected to be in operation during the second quarter of 2006. The estimated cost of the project is about JD (150) thousand.
- Expanding Ma'an substation of 132/33 kV by adding two bays of 33 kV. The project was electrified on 21/1/2006. The estimated cost of the project was JD (80) thousand.
- Expanding Abdoun substation of 132/33 kV by adding two bays of 132 kV (GIS) to connect this substation with Amman South substation. The project is expected to be in operation during the second quarter of 2006. The estimated cost of the project is about JD (1.2) million.
- Constructing a new Bayader substation of 132/ 33 kV. This new indoor substation (GIS) will re-



Qatrana 33 kV Capacitors Room



* Projects for connecting the power stations:

- Expanding Al-Risha substation of 132/11 kV by adding a 132 kV bay to connect the fifth gas turbine, installed newly at Al-Risha power station, to the national grid. This project was electrified on 3/2/2005. The cost of the project is about JD (200) thousand.
- Constructing the 400 kV switching station of Al-Samra, and a double circuit overhead transmission line of 400 kV to connect Al-Samra power station (300) MW capacity with Amman north substation of 400/132 kV with a length of (27) km. The cost of the project was about JD (25) million. The project was electrified on 30/7/2005.
- Expanding Rehab substation of 132/33 kV, which includes constructing four circuits for 132 kV overhead transmission lines and for the combined cycle bay at Rehab substation. This project aims to enhance the national grid and increase its reliability and stability. The project was electrified in the first third of the year 2005 for the combined cycle bay and on 30/11/2005 for other bays. The cost of the project amounted JD (1.5) million.

* Projects of Substations and Overhead Transmission Lines for Enhancing the National Grid of 400 kV

- Expanding the Amman South substation of 400/132 kV by adding 33 kV capacitor banks of 2x20 MVAr capacity. The project was electrified on 15/3/2005. The cost of the project amounted to JD (350) thousand.
- Expanding Amman north substation of 400 kV, by adding two transformer of 400/132/33 kV with a capacity of (400) MVA each, two 400 kV bays, 15 indoor double bus bar bays of 132 kV, and a capacitor banks of 33 kV with a capacity of 2x20 MVAr. The project was fully electrified on 26/6/2005.
- Expanding Al-Qatranah substation of 400/132/ 33 kV with a capacity of 2x240 MVA, six 400 kV bays, 33 kV capacitor banks with a capacity of 4x20 MVAr, 33 kV reactors with a capacity of 2x25 MVAr. The project was electrified on 5/7/2005. The project cost amounted to JD (13) million for each of the Al-Qatrana and Amman North substations.

It is worth mentioning that the project of enhancing the national grid of 400 kV is considered one of the vital projects that increases the electrical energy exchanges with neighboring countries and to meet the increasing industrial and domestic electrical loads and to improve the performance of the electrical system. The total cost of these projects amounted to JD (26.35) million.

* Projects of Energy Measuring Systems and Billing Center with CEGCO

This project comprises providing, installing, testing and operating the systems of electrical energy meters between NEPCO and CEGCO. This project covers the power stations of Aqaba, karak, Amman South, Rehab, Marka, Hussein thermal, Al-Risha, Al-Samra and a number of the substations, in addition to establishing a billing center at the National control center of NEPCO and another billing center at the headquarters of CEGCO.

The total cost of the project is about JD (1.2) million. NEPCO will cover about (55%) of the whole cost, while CEGCO will cover (45%) of it.

Testing and commissioning started in the mid of December 2004. The whole project is expected to be completed in the last third of the year 2006.

* Transmission Lines Projects

NEPCO implemented, during the year 2005, the following transmission lines projects:

- Project of Al-Samra - Amman North double circuit transmission line of 400 kV, with a length of (27) km. This project aims to transmit the generated electrical energy from Al-Samra power station to Amman North substation for providing it to the national grid.

* Projects Under construction:

- A project of Al-Subeihi Amman north double circuit transmission line of 132 kV, which aims to enhance the stability of the national grid and increase its reliability through connecting Subeihi substation with Amman north by an overhead transmission line of 132 kV with a length of (34) km. This project consists of the following parts:
 - A double circuit transmission line of 132 kV and (25) km length which extends from Subeihi substation to Amman North substation.
 - A quad circuit transmission line of 132 kV and (6) km length, of which two circuits for Subeihi - Amman North transmission line and two stand by circuits, with a length of (6) km from Amman North substation.

- A quad circuit transmission line of 132 kV and (3) km length, of which two circuits for (Subeihi - Amman North) transmission line and two circuits for (Subeihi - Amman South) transmission line, from Subeihi substation.
- A project of a quad circuit Al-Dulail branch of 132 kV, This project aims to connect Al-Dulail substation with the national grid by modifying the transmission line (Zarqa-Sabha) to become as follows:
 - Zarqa Al-Dulail transmission line of 132 kV with a length of (20.78)km.
 - Al-Dulail Sabha transmission line of 132 kV with a length of (15.38) km.
- A project of a quad circuit Al-Salt branch of 132 kV, This project aims to connect Al-Salt substation with the national grid by modifying the 132 kV transmission line (Amman South Al-Subeihi) between the towers 82 and 83 to become as follows:
 - Amman south Al-Salt transmission line of 132 kV with a length of (27.96) km.
 - Al-Salt Subeihi transmission line of 132 kV with a length of (15.38) km.
- Projects at Al-Hashemia branch of 132 kV double circuit transmission line, This project aims to electrify the Al-Hashemia substation by connecting it with the national grid through an overhead, double circuit transmission line of 132 kV with a length of (2.6) km, which will be branched from the existing overhead 132 kV transmission line (Zarqa Rehab).

* Projects of 132 kV underground cables

- A project of double circuit 132 kV underground cable between Bayader and Tareq substations. This project aims to replace the existing overhead 132 kV transmission line (Bayader - Tareq) by a double circuit 132 kV underground cables with a length of (14) km.
- A project of double circuit 132 kV underground cable between Abdoun and Amman South substations. This project aims to replace the existing Abdoun overhead branch of 132 kV (Abdoun -Amman South) by a double circuit 132 kV underground cable with a length of (7.5) km.

* Operating the interconnected electric power system:

NEPCO continued, during the year 2005, to manage effectively the interconnected electric power system in Jordan and provide electricity for all consumers in accordance with the adopted specifications from all available sources (CEG-CO, the electrical interconnection) at a least possible economical cost while maintaining adequate security of the electric power system.

The operational studies necessary for the power system were prepared, in addition to the operation manuals, and implementing the required maintenance plans and making the necessary accounting in regard to managing the electricity exchange on the interconnection lines with the neighboring countries.

A- Supervisory and Control systems

NEPCO continued, during the year 2005, the development of the supervisory and control systems of the national control center in order to fulfill the operational needs of the electric power system represented by the following achievements:

- 1- Installing and replacing a number of terminal control equipment (RTU's) in substations of Subeihi, Ghor Al-Safi and Karak. Expanding the control equipments in substations of Al-Risha, Rehab, and Al-Hassan Industrial estate and Qatrana 132/33 kV.
- 2- Connecting and operating the control systems in substations of Amman North 400 kV, Qatrana 400 kV and Samra with the control system of the national control center.
- 3- Consultancy Services for the upgrading project of the National Control Center.
 - The first stage of the consultancy services included in the contract no. 19/2003 was accomplished. The studies, tender documents and technical specifications for the upgrading project were prepared. This tender was awarded in the beginning of January 2005 and this stage was completed in August 2005.
 - The tender no. 35/2005 related to the second stage of the consultancy services of the upgrading project was issued in October 2005, and the technical and financial offers were received on 1/12/2005. It is expected to award the tender during the first quarter of the year 2006. This stage aims to review the tender documents of the upgrading project, issue it, study the technical and financial offers, manage the project and supervise its implementation.
- 4- Renewal of the contract agreement of technical support service for the control system of the national control center. This agreement aims to provide, during the year 2006, technical support services and maintenance of the control system for a period of one year.

B- Communication systems

NEPCO completed, during the year 2005, many communication projects which are shown below:

- Project of Qatrana Substation of 400 kV: fiber optic equipment and career equipment were installed in this substation to fulfill the substation requirements from phone channels, controls and exchange protection.
- 2- Project of Al-Samra substation of 400 kV: fiber optic equipment and career equipment were installed in this substation to fulfill the substation requirements from phone channels, controls and exchange protection.
- 3- Project of welding fiber optic cables (OPGW) for Al-Samra Amman North transmission line of 400 kV.
- 4- Project of developing headquarter telephone exchange and providing it with (VOIP) technology.

The communication systems department awarded a tender of supplying and operating fiber optic equipment (SDH), which will be installed at the substations of the central area. It is expected to supply the materials in the beginning of the coming year.

The department also awarded a tender of supplying and operating new modern telephone exchanges which will be installed in some substations for the purpose of the increasing reliability of NEPCO's phone network and reducing the burden on the telephone exchanges of the NEP-CO's headquarter and the national control center.



Qatrana in - out Transmission line 400/132/33 kV

C- Planning and Operation of the Electric Power System

NEPCO implemented, during the year 2005, the following:

- 1- Following up the operation of the electric power system safely and with high efficiency through adopting economic operation modes, which comply with the maintenance programs of the generating units.
- 2- Meeting the system morning peak load, which occurred on 16/8/2005 and amounted (1710) MW by operating all available generating units of the Jordan electric power system, in addition to importing electrical energy from the interconnected countries. It is worth mentioning that the actual peak load exceeds the forecasted one by an amount of (100) MW.
- 3- Following up the commissioning of the Libyan - Tunisian interconnection, which occurred in October 2005.
- 4- Implementing the programs related to return in kind or substitute the advertent energy through the Egyptian - Jordanian electric interconnection line and the Syrian - Jordanian electric interconnection line.

* Electric Interconnection Projects:

The most important achievements of NEPCO in the field of interconnection with the neighboring countries can be summarized as follows:

• The Seven Countries Electric Interconnection Project (EIJLLST):

This project aims to connect the electric networks of Egypt, Jordan, Lebanon, Libya, Syria and Turkey. The connection of the electric networks in Jordan, Egypt, Syria and Libya has been only accomplished up to now. A brief on the work progress of the project is as follows:

The Jordanian - Egyptian - Syrian - Libyan Electric Interconnection:

- The agreement of electrical energy exchange between the Jordanian and Egyptian sides for the year 2005 was renewed in January 2005, and for the year 2006, the agreement was renewed in February 2006.
- The agreement of electrical energy exchange between the Jordanian and Syrian sides was renewed in June 2005.
- During the year 2005, NEPCO imported (741) GWh from the Egyptian network and (241) GWh from the Syrian network in order to cover the energy needs of the Jordanian network. This import led to economical and technical

benefits for the three parties.

- During the year 2005, (2.2) GWh was passed from the Egyptian electric network to the Syrian electric network through the Jordanian electric network. This led to economical benefits to the Jordanian side as a result of acquiring the wheeling charges.
- NEPCO, in cooperation with the Egyptian Electricity Transmission Company, rent fiber optics, out of the spare fiber optics installed with the submarine cable, which interconnects Jordan with Egypt, to each of the Fajr the Jordanian - Egyptian Company and the Jordanian and Egyptian communication companies.
- Electrical energy exchange continued between the Egyptian and Libyan sides since the operation of the interconnection line between the two countries, which occurred in 1997. Up to now, Jordan has no purchase contract or energy exchange with the Libyan side. However, any case of energy traverse from or to the Libyan network through the Jordanian network has not been recorded up to now.

The Syrian - Turkish Electric Interconnection:

Operation of the Syrian - Turkish interconnection is expected to be delayed until the "Union for the co-ordination of Transmission of Electricity" (UCTE) approves joining the interconnected seven countries to it. This is expected to be in 2006.

The Syrian - Lebanese Electric Interconnection:

This interconnection link is expected to be in operation in the first half of 2006.

The Syrian - Iraqi and the Iraqi - Turkish electrical interconnections:

It is expected to start implementing the works of the Syrian - Iraqi interconnection and the Iraqi - Turkish interconnection during the year 2006. However, the operation of these interconnections cannot be performed before conducting the necessary operational studies and obtaining the required approvals from UCTE to accomplish the interconnection process.

Major Activities related to the project:

- The tenth ministerial meeting and the meeting of the technical committee for the Seven Countries Electrical Interconnection were held in Istanbul/Turkey in April 2005. According to the recommendations of the ministerial committee and the technical committee, the following procedures were taken:

- The common operation committee for the Seven countries electrical interconnection held a meeting in Amman in September 2005
- Forming a specialized committee from the seven countries to study the feasibility of utilizing the excess of fiber optics of the interconnection lines
- Commencing the preparation of the terms of reference for conducting the technical and economical study, which is necessary for completing the second stage of the seven countries electrical interconnection. This stage aims to raise the exchange capacities among the interconnected countries, and to prepare their electrical networks for connection with Europe and Arab Gulf states in the future.
- Forming a specialized committee from the concerned staff in each of Jordan, Egypt and Syria to conduct a study about the integrated planning for the Jordanian Egyptian Syrian interconnected electrical network. The committee held its first meeting in Cairo in August 2005. it is expected to complete the study in the second half of the year 2006.

• The Electrical Interconnection Between the Seven Interconnected Countries and Europe (Mediterranean Countries)

- The operational trials for connecting the Libyan electrical network with the Tunisian electrical network were carried out in October 2005, and it will be carry out the operational trials in April 2006, It is expected to complete the operation of the interconnection line between the two countries in the second mid of the year 2006.
- In case of operating the Libyan Tunisian interconnection line, the Jordanian - Egyptian -Syrian - Libyan electrical network becomes directly connected with the European electrical network through the Al- Maghribi - Spanish interconnection.

• Projects of Pan Arab Electric Interconnection:

NEPCO participated, in the year 2005, in preparing the draft of the terms of reference for studying the electrical interconnection between Arab countries and other countries, and evaluating the utilization of natural gas for exporting electricity. This aims to conduct economical and technical feasibility studies in order to determine the optimal way for completing the interconnection of the electrical networks of the Arab countries including those countries which are not joining yet the existing interconnection projects, in addition to review the existing interconnection projects, and existing and future gas networks, for the coming twenty years.

* Planning Studies

Out of its belief in the necessity of implementing the concepts of change management in a manner that serves the society and achieves its demand, aspirations and future needs. NEPCO decided to issue a comprehensive corporate plan for all its activities and works. A five year corporate plan was prepared to include the programs and work plans of the company for the coming five years (2005-2009) to translate its vision, mission, goals and future aspirations at public and private levels.

During the year 2005, NEPCO participated in preparing the comprehensive plan for the electricity sector in Jordan for the period (2005-2020). This study was prepared by one of the international consultancy companies assigned by the Electricity Regulatory commission. The study included the electricity demand forecast and planning studies for the electrical system's needs of generating capacity and main substations of 400/132, 132/33 kV and 400, 132 kV transmission lines. The final report of the study was issued in January 2006.

NEPCO participated also with the Egyptian Electricity Transmission Company, the Public Establishment for Electricity Generation and Transmission in Syria and Lebanese Electricity Company in conducting an operational and planning study for the interconnected electrical systems in Egypt, Jordan, Syria and Lebanon. The final report of this study was issued in the first quarter of the year 2005.

NEPCO is also participating with the Egyptian Electricity Holding Company and the Public Establishment for Electricity Generation and Transmission in Syria in conducting an integrated resource planning study for determining the three countries needs of generating capacities and Transmission networks, and determining also the economical optimal alternative for the combined generation expansion. Then it is necessary to conduct the required technical studies for the interconnected electric networks, and determine the best location, technically and economically, for constructing the future power stations. This will lead to a considerable reduction of the capital and operational costs in the three countries, and to preparing a tariff for electrical energy exchange between them, for the short, medium and long terms covering different types of exchange for the sake of activating the energy exchange which is still restricted to emergency cases. This could be achieved by adopting the exchange of economy energy, which is based on the concept of benefits sharing. This will help Jordan in reducing the cost of electrical energy production. It is expected to complete the study in the second half of the year 2006.

* Energy Conservation and Electric Load Research and Management

In the light of the government directions in this regard, NEPCO was keen to take care of energy conservation and load management aiming at reducing the electrical system peak load through studying the pattern of the electric loads for all sectors consuming electrical energy and determining the available opportunities for conservation and load management. During the year 2005, a study about electric loads pattern for many economical sectors consuming electrical energy has been completed. This study aims to put the appropriate plans for rationalizing the electricity consumption of these sectors and shifting their loads outside the period of the system's peak load.

Computer Technology

During 2005, NEPCO continued to attain many achievements in the field of computer technology, and provide services for all the concerned parties inside and outside NEPCO.

The most important achievements in 2005 can be summarized as follows:

- Implementing the project of computer expansions, based on an infrastructure of secure and stable network, and modern computers equipped with more advanced software.
- Implementing the geographical information system (GIS) project
- Starting implementation of the Portal within the new computerized environment.
- Active participation in the electronic government project by providing information about NEPCO and its services and following up and updating these information continuously.
- Developing, maintaining, updating and managing the systems and software packages for all financial, administrative and technical works of NEPCO within the new computerized environment.
- Controlling data security based on the company's definitions or explanations by managing it and monitoring its performance in accordance with an integrated work mechanism that keeps this basis safe.
- Improving the company's web site in harmony with the international companies sites.

- Managing the computer network of NEPCO, monitoring its performance and improving its efficiency and availability through monitoring programs, which are designed for this purpose.
- Active participation in an information seminar, which was held inside NEPCO in September/ 2005. This seminar was concerned with the information technology development and adoption of the new computerized philosophy through utilizing ERP Solutions and GIS systems.

Quality and Public Safety

NEPCO continued its efforts to develop its services by adopting the most modern systems for quality management and public safety needed to develop the work and improve the performance while paying attention to the environment affairs in the Company works, as follows:

- Following up the implementation of its quality management system with the aim of carrying out the concept of comprehensive quality including the following aspects:
 - Technical aspect: NEPCO continued following up the implementation of the plans and annual maintenance programs and different NEPCO's projects starting from design and ending up with the final completion of work, including securing the compliance with the most modern international specifications and standards and making sure using the work forms at all sites of the Company's workplaces.
 - Administration aspect: NEPCO applied the quality management system in accordance with the requirements of ISO9001: 2000 in every department of the Electric Training Center and International Services Department. Furthermore, NEPCO updated surveying the quality management system at different divisions and departments, by making sure the availability of the organizational regulations at all sites of the Company while following up and updating them.
 - NEPCO made sure that the concerned departments had set the technical specifications of the materials and equipment, check and apply these specifications and, provide those departments with the pamphlets and modifications of the international standards applicable.
- Following up the application of safety management and environment system.
- Improving the procedures of public safety by making tours to different sites of the Company works to get sure of the staff's compliance with the safety regulations and the availability and

validity of the safety equipment and instructions, investigating work accidents and injuries to identify the actual causes and prevent their re-occurrence. Make the necessary reports concerning the statistics on the work accidents and injuries, in addition to providing guidance and warning signs at NEPCO's sites. Following up the authority delegation for those working on the electric system and updating the instructions on handing the work safety uniforms and shoes and public safety equipment, in order to fulfil the work requirements taking into consideration the public safety standards.

- Preparing educational bulletins and awareness in regard to quality assurance and public safety with the aim of enhancing the preventive awareness and knowledge between NEPCO's staff in different fields of safety, health and environment.
- Following up the preparation and updating the emergency plans in co-operation with all divisions to face different cases of emergencies.
- Following up studies on the environmental effect on all NEPCO's works and projects, while being acquainted with the modern techniques in the fields of environment protection through conferences and researches concerning this field.
- Continued attention to the scientific research by obtaining the scientific material and the findings of studies and research through the pamphlets and scientific papers issued by the relevant international unions and societies concerned with electricity affairs, developing cooperation with the Jordanian universities, in the science research fields and holding lectures and seminars specialized in electricity industry issues, and making available the books, scientific bulletins in the main library and other libraries of NEPCO.

Electric Training Center

NEPCO implemented several training projects and programs at its Electricity Training Center as follows:

- Internal long term training programs (regular): the number of trainees within the thirteenth batch amounted to (25) on behalf of NEPCO.
- Local (long term) training program (regular): the number of trainees within the twelfth batch/A, amounted to (25) on behalf of EDCO
- Local training program (short term): (36) programs were held for local entities and companies through advertising. The number of trainees (169)
- The internal training program (capacity upgrading) (33) programs were held for all departments of



NEPCO. The number of participants was (195)

- Summer training programs (universities and institutes): the number of participants was (66) student from Al-Balqa Applied University, Yarmouk University (Hijjawi College) and Mua'ta University.
- External Training Program Programs (twisted cables, transmission networks, main substations) were held on behalf of Palestine. The number of participants (24).
- Training Program for Third Party Five training programs were held in cooperation with the Japanese International Cooperation Agency (JICA). The number of the participants (38) as follows:
 - 1. Welding Technology Program on behalf of Iraq. The number of participants (10)
 - 2. Power Cables Technology Program on behalf of Iraq. The number of participants (9)
 - 3. Three Training Programs in the fields of protection and maintenance of electric distribution system, on behalf of Yemen. The number of trainees (19).
- Training program on maintenance of distribution networks less than 33 kV, on behalf of EDCO. This program was held in cooperation with (EMECO) and supervised by specialized expert in this field in addition to two trainees from the electric training center.
- Implementing a rehabilitation project for the electrical network of the King Talal military school.

Consultancies and International Services

During the year 2005, NEPCO continued providing a number of services and consultancies inside and outside Jordan, as follows:

- Delegating a number of experts to Arab and foreign countries on short missions through the Jordanian
 Swiss Company for Automation Services.
- Training a number of employees from the National Electricity Authority of Sudan on financial matters.
- Holding several specialized training courses for a number of employees from the National Electricity Authority of Sudan at the Electricity Training Center in Um Haraz City of Sudan, in addition to signing an agreement for twinning the training center in Um Haraz with the NEPCO's electric center for the purpose of benefiting from the available capabilities in the two centers as well as exchange of training experiences in all relevant fields.
- Carrying out short consultancy missions in the

technical, financial, administrative and computer fields for a number of Arab countries such as Syria, Yemen and Palestine.

- Providing many technical services (maintenance, rehabilitation) and consultancies (administrative, financial and computer) for a number of local entities and companies.
- Implementing the quality management system and technical quality control at the Public Electricity Authority of Yemen in addition to the financial, administrative and computer systems packages.
- Starting the implementation of consultancy services project to supervise constructing and completing the diesel power station of the Public Yemeni Authority for cement manufacturing and marketing, in Al-Barh area of Yemen.
- Activating the agreements of periodical testing and quality control of the oils of the transformers of Al-Fuheis Factory and Al-Rashadieh Factory of the Jordan Cement Factories Company, through NEPCO's oil laboratory.
- Completing the studies on improving the electric feed lines for Queen Alia International Airport, and upgrading the efficiency and performance of the electric network, and implementing the necessary maintenance all over the year.
- Operating the project of communications network that uses the fiber optic to serve the public Jordanian universities in the Kingdom within the program of "communications for knowledge" according to the agreement signed with the Ministry of Telecommunications and Information Technology. During this year, the project was operated and all the pending financial items were finalized with the contractor and the universities.
- Consultancy works to supervise procurement and construction of the two-33kV distribution networks projects (the Fourth Energy (A), Al-Qafr, Al-Sidda and Naderah) in Yemen.

As for the international services projects, NEPCO is now carrying out:

- Preparing and implementing technical training programs for engineers and technicians from IDECO, JEPCO and MEMR/Jordan Rural Electrification project, at the Electricity Training Center.
- Signing agreements with JICA within the program of the third party training to carry out training programs in the technical, administrative and financial fields for some employees from the Ministry of Electricity in Iraq. During the year 2005, the implementation of welding, fiber optic, communication and control systems programs

were completed, in addition to the above, the first batch concerned with each of the medium voltage cables program or the comprehensive quality management program was trained. Furthermore, the implementation of the first stage, that includes the laws and the systems related to the electrical system, was completed. The following programs are currently under preparation, and the implementation of these programs will be during the year 2006 as follows:

- 1. The second batch from medium voltage cables program
- 2. The second batch from quality management program
- 3. Training programs on distribution networks
- 4. Completion of workshops stages of the electrical systems and laws.

However, it is expected to sign other agreements for training in new fields, in the near future.

Manpower and Training

At the end of 2005, the number of NEPCO's employees was (1041) as follows:

- Engineers	20.5%
- Technicians	36.1%
- Financiers:	11.5%
- Administrators	13.1%
- Others	18.8%

Out of the belief of the Company's management in the importance of continuous development of the staff's capacities and upgrading their performance capabilities to be competent in following the developments in the different fields of work, NEPCO pays special attention to the training process. In this field NEPCO will prepare a training plan including the required training programs to be carried out inside and outside, this is becoming necessary to improve the efficiency of the staff and develop their skills to acquire the ability of interaction with NEPCO future directions. The training index for the year 2005 was (1.64 %) against (1.43%) in 2004.

Financial Performance:

The most important financial indicators for NEPCO in 2005 can be summarized as follows:

- The revenue of electric energy sales amounted to JD (327.1) million in 2005 against JD (291.1) million in 2004, with an increase of JD (36) million and a growth rate of (12.4 %) while the increase in sales volume was (771.8) GWh which represents a growth rate of (9.1%).
- The operation expenditures were JD (399.4)

million in 2005, against JD (344.8) million in 2004, with a growth rate of (15.8%). This was reflected on the operational profit as percentage of total revenue of electric energy sales, which led to its decrease in 2005 to (1.5%) against (4.3%) in 2004. This comes as a result of increasing the operating expenses to JD (26.4) Million in 2005, against JD (23.3) Million in 2004, with a growth rate of (13.3%).

- The value of purchased electric energy in 2005 was JD (295.8) million against JD (255.3) million in 2004 with a growth rate of (15.9%) while the growth rate of purchased energy was (9.0%).
- The interest on loans and the bank expenditures was JD (7.1) million in 2005, against JD (6.1) million in 2004 with increasing of (18.0%). The increasing in loan interests was due to :
 - 1- Accomplishing most of the projects in 2005, which were financed by the loans agreements, this led to adding the interests of these loans to the income statement.
 - 2- Continuing depending on the draft account in 2005, this led to increasing the interest on loans and bank charges.
- The net losses before tax, amounted to JD (2.92) million in 2005 against net profits JD (2.49) million in 2004. The most important reasons for the losses in 2005 was due to :
 - 1- Increase the costs of energy purchase as a result of :
 - The increasing of the importing electricity price from Egypt and Syria as a result of the increase fuel prices.
 - The increase of electricity purchase price from CEGCO.

2- Increase the interest on loans as a result of increasing the withdraw from the draft account in 2005 against 2004 .

- The net book value of the fixed assets was JD (386.2) million in the end of 2005 against JD (340.6) million in the end of 2004, with an increase of (13.4%). The covering the burdens of debt service was (106.2%) in 2005 against (119.0%) in 2004.
- Current ratio in 2005 was (0.82) times against (0.87) in 2004.
- The net value of electric energy sales compared with the average fixed assets in 2005 was (90.0%) against (89.1%) in 2004. An evident growth in this rate is well noticed which shows good utilization of NEPCO's assets, where this rate in 2003, and 2002 was (85.0%) and (77.5%) respectively.



Table (1)Significant Figures for Electricity Sector in Jordan

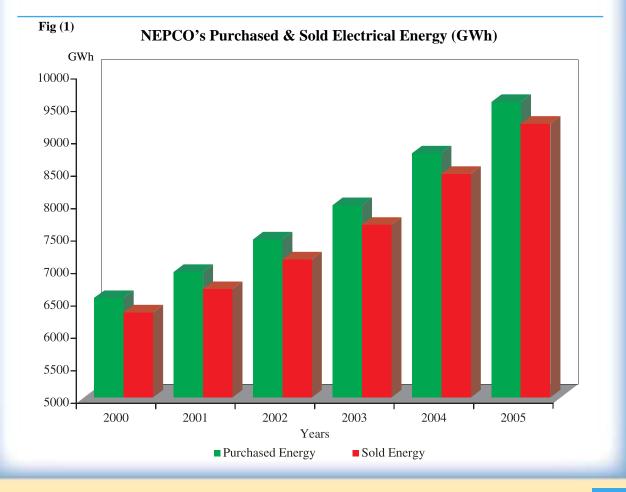
	2004	2005	Growth 2005/2004 (%)
Peak load of Jordan (MW)	1555	1751	12.6
Available Capacity (MW)	1789	2019	12.9
Generated Energy (GWh)	8967	9654	7.7
Steam Units	7590	7969	5.0
Diesel Units	75	73	-2.7
Gas Turbines / Diesel	464	341	-26.5
Gas Turbines / Natural Gas	776	648	-16.5
Hydro Units	53	57	7.5
Wind Energy	3	3	-
Biogas	6	5	-16.7
Combind Cycle*	-	558	-
Consumed Energy (GWh)	8089	8712	7.7
Energy Exported (GWh)	3.1	3.8	22.6
Energy Imported from Egypt (GWh)	788	741	-6.0
Energy Imported from Syria (GWh)	38	241	534.2
Loss Percentage (%)	17.37	18.10	-
Average(kWh) Consumed Per Capita	1830	1939	6.0
Electricity Fuel Consumption (Thousands Tons)**	2329	2475	6.3
Heavy Fuel	936	809	-13.6
Natural Gas	1234	1428	15.7
Diesel	159	238	49.7
National Grid Transmission Lines	3346	3400	1.6
132 kV and above (km-Circuit)			
Substations Installed Capacities	3413	3429	0.5
132/33 kV (MVA)			
No. of Consumers(Thousands)	1067	1129	5.8
Population Under Supply(Thousands)	5345	5480	2.5
Percentage of Population Under Supply (%)			
All Jordan	99.9	99.9	-
Rural	99.8	99.8	-
No. of Employees	6992	7200	3.0

* Rehab SS .

** Equivalent Heavy Fuel Oil

Table (2)NEPCO's Significant Figures

	2000	2001	2002	2003	2004	2005	Growth 2005/2004 (%)
Peak load for Interconnected System (MW)	1206	1225	1370	1387	1515	1710	12.9
Purchased Energy (GWh)	6535	6937	7436	7967	8767	9555	9.0
Sold Energy (GWh)	6311	6673	7129	7664	8448	9219	9.1
Transmission losses (%)	3.27	3.70	4.13	3.81	3.64	3.52	-
National Grid Transmission Lines	3026	3026	3037	3346	3346	3400	1.6
132 kV and above (km-Circuit)							
Substation Installed Capacities	2304	2607	2670	3333	3413	3429	0.5
132/33kV (MVA)							
Substation Installed Capacities	1280	1280	1280	1280	2080	2560	23.1
400/132/33 kV (MVA)							
No. of Employees	750	807	861	901	991	1041	5.0
NEPCO's Fixed Assets (Million JD)	323	333	339	354	379	408	7.7



Table(3)

Performance Indicators for Electricity Sector in Jordan

	2000	2001	2002	2003	2004	2005	Growth 2005/2004 (%)
1. Manpower Indicators							
Annual Productivity (MWh / Employee)	1074	1117	1175	1238	1330	1406	5.7
Installed Capacity (MW / Employee)	0.24	0.24	0.24	0.24	0.23	0.29	26.1
No. of Consumers Per Employee	134	138	143	148	153	157	2.6
2. Financial Indicators							
Total Cost per kWh Sold (Fils)	41.76	40.44	42.68	42.90	44.34	46.93	5.8
Fuel Cost per kWh Sold (Fils)	18.22	17.52	19.43	19.72	21.05	22.82	8.4
Non Fuel Cost Per kWh Sold (Fils)	23.54	22.92	23.25	23.18	23.29	24.11	3.5
Average Heavy Fuel Price (JD / TON)*	60.21	60.21	67.40	69.76	73.54	87.20	18.6
3. Technical Indicators							
Thermal Efficiency of Generating plants (%)	35.00	35.80	35.80	34.50	34.00	34.30	-
Availability of Generation Units (%)	89.69	86.20	92.12	85.44	86.41	88.41	-
Total Energy Losses (%)	17.43	18.24	18.30	18.21	17.37	18.10	-
Generation Losses (%)	6.82	6.71	6.64	6.56	6.75	6.17	-
Transmission & Distribution Losses (%)	11.25	12.46	13.60	13.97	14.15	13.57	-

* The price represents the average price during the year

Table(4)

NEPCO's Performance Indicators

	2000	2001	2002	2003	2004	2005	Growth 2005/2004 (%)
1. Manpower Indicators							
Annual Productivity (GWh Sold per Employee)	8.4	8.3	8.3	8.5	8.5	8.9	4.7
Transforming Installed Capacity							
(MVA / Employee)	5.2	5.2	4.8	5.3	5.7	5.9	3.5
2. Financial Indicators							
Total Cost per kWh Sold (Fils)	30.52	30.52	31.52	34.05	34.02	35.86	5.4
Cost of Energy Purchased (Fils/kWh sold)	25.85	26.93	28.21	30.23	30.22	32.08	6.2
Other Cost per kWh sold (Fils)	4.67	3.59	3.31	3.82	3.80	3.78	-0.5
Revenue per kWh (Fils)	32.14	32.05	33.50	34.45	34.59	35.62	3.0
Return on Average Net Electrical Assets (%)	4.80	4.13	4.09	1.36	0.76	-	-
Self Financing Ratio (%)	38.0	44.4	25.6	10.5	14.5	2.7	-
Debt Coverage Ratio (%)	150.0	136.0	123.2	135.0	119.0	106.2	-
3. Technical Indicators							
Transmission losses (%)	3.27	3.70	4.13	3.81	3.64	3.52	-
Circuit Availability	-	-	-	-	99.83	99.68	-
Unsupplied Energy (MWh)	-	-	-	1214	2541	853	-66.4
Average Incident Duration (Min)	-	-	-	68	69	85	23.2
Average Frequency of Outages Per 100							
km. (400, 132 kV) (times)	-	-	1.09	1.17	0.84	1.86	-

Table (5) Gross National Product and Energy Demand in Jordan

Year	GNP in Current Price (Million JD)*	Cost of Living Index (%) (1990=100%)	GNP Growth in Real Terms (%)	Total Energy Demand (Fuel) (1000 ton)	Total Energy Demand Growth (%)
1990	2521.4	100.0	-	3306	5.5
1991	2736.9	108.2	0.3	3272	-1.0
1992	3424.3	112.6	20.2	3770	15.2
1993	3735.2	116.2	5.7	3935	4.4
1994	4206.9	120.4	8.7	4152	5.5
1995	4597.9	123.1	6.9	4400	6.0
1996	4799.9	131.2	-2.1	4590	4.3
1997	5090.1	135.1	3.0	4673	1.8
1998	5604.0	139.3	6.8	4784	2.4
1999	5769.0	140.1	2.4	4755	-6.0
2000	6093.9	141.1	4.9	5114	7.5
2001	6496.1	143.6	4.7	5150	0.7
2002	6857.7	146.2	3.7	5299	2.9
2003	7287.5	148.6	4.6	5774	9.0
2004	8299.0	153.6	10.2	6489	12.4
2005	9100.5**	158.9	6.0	7008	8.0

* Central Bank Figures

** Estimated



Table(6)Cost of Energy Relative to The National Economy

	Cost of Consumed Crude Oil Relative to					
Year	Exports (%)	Imports (%)	GNP (%)			
2000	48.9	17.4	9.3			
2001	39.5	16.4	8.7			
2002	36.3	16.9	8.9			
2003	41.8	18.8	10.5			
2004	47.2	19.9	13.9			
2005*	65.7	23.9	19.5			

* Estimated

Table (7)Electricity Demand Forecast in Jordan *

Year	Max. I	Max. Demand		al Energy
	MW	Growth (%)	GWh	Growth (%)
2006	1871	6.9	11418	7.3
2007	1993	6.5	12139	6.3
2008	2112	6.0	12887	6.2
2009	2230	5.6	13608	5.6
2010	2339	4.9	14299	5.1
2015	2856	4.1	17739	4.4
2020	3289	2.9	20697	3.1

* Includes Energy Imported

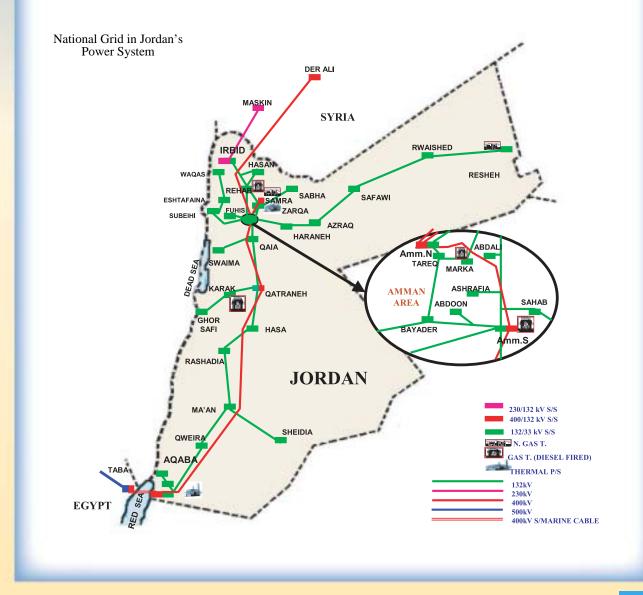


Electrical Power System in Jordan

The interconnected system in Jordan consists of the main generating power stations, 132 kV and 400 kV transmission network. This transmission network interconnects the power stations with the load centers and different areas in the kingdom. The system also includes the 230 kV, 400 kV tie lines with Syria and 400 kV tie line with Egypt and the distribution networks which serve about (99.9 %) of the total population in Jordan. In addition to that, the electrical power system in Jordan includes some private power stations, which are synchronized with the rest of the power stations in the intergrated network and there are a few private power stations, which are not connected with the interconnected network and serve only their owners.

The total system installed capacity at the end of 2004 was (2019) MW, of which (1873) MW is the capacity of the interconnected system, this means that the interconnected system constitutes (92.8%) of the total installed capacity in Jordan.

The total length of 132 kV network and above is about (3400) km- Circuit and the total installed capacity of the substations is (6189) MVA.



Table(8)

Main Operating Components of The Electrical Power System in Jordan

X 7	C 4	D' 1E '		urbines		TT 1 TT '	****	п.	T
Year		Diesel Engines			Combind Cycle	•			Tota
2000	1013	43	353	120	-	10	1.4	1	1541
2001	1013	43	353	120	-	10	1.4	1	1541
2002	1013	43	453	120	-	12	1.4	1	1643
2003	1013	43	453	120	-	12	1.4	1	1643
2004	1013	43	453	120	-	12	1.4	1	1643
2005	1013	43	353	150	300	12	1.4	1	1873
B-Suł	ostation	s Installed C	apacity	y (MVA	()				
Ye	ear	400/132/33	230/1	32	132/33	132/6	66/33	3 1	32/11
20	00	1280	200)	2304	75	10		-
20	01	1280	200)	2607	75	10		-
	02	1280	100		2670	75	-		12.5
	03	1280	100		3333	75	-		12.5
	04	2080	100		3413	75	-		25
	05	2560	100		3429	75	-		25
С- Н	V Tran	smission Lin	es Leng	gth (km	-Circuit)				
Ye	ar	400	kV		230 kV	132 kV		66 I	kV*
200	00	80)9		17	2200		1	7
200	01	80			17	2200			7
200	02	80			17	2211			7
200		81			17	2512			7
200		81			17	2512			7
200	05	87	'1		17	2512		1	7
* Conv	verted to	Work on 33 (kV)						
D- Di	stributi	ion Networks	s of (.IF	EPCO.	IDECO & E	DCO) as of (end 20	05	

	Voltage (kV)							
	33	11	6.6	0.4				
a- Overhead Lines	7599.6	1279.2	1.7	24987.4				
b- Underground Cables	1298.8	2286.9	5.4	4105.4				
D-2-Substations (MVA)	33,11,6.6/0.4	33/1	1,6.6	11/6.6				
Capacities of Substations as of end 2005	4951.5	196	50.5	12.5				

Electrical Energy in Jordan

Generated Energy

The generated energy for the purpose of local consumption amounted to (9654) GWh in 2005, compared to (8967) GWh in 2004 representing an annual growth of (7.7%) Compared to (12.2%) in 2004.

CEGCO produced (9086) GWh in 2005 compared to (8449) GWh in 2004 representing an annual growth of (7.5%), and Samra Electric Power Generating Company (SEPGCO) produced (30) GWh in 2005.

The industrial companies produced (516)

Table(9)

GWh. Table (9&10).

The share in the generated energy was as follows:

CEGCO	(94.13%)
SEPGCo	(0.30 %)
King Talal Dam	(0.18 %)
Jordan Biogas Company	(0.05%)
Industrial companies	(5.34%)

From the above percentage, it is clear that CEGCO covers the largest part of the kingdom electrical demand since it participated in about (94%) of the generated energy.

Electrical Energy Generated and Imported in Jordan (GWh)

	2000	2001	2002	2003	2004	2005	Growth 2005/2004 (%)
1.Interconnected System	7170	7616	8150	8651	9483	10314	8.8
CEGCO	6934	7132	7615	7468	8449	9086	7.5
SEPGCO	-	-	-	-	-	30	-
Potash Co.	108	115	95	96	96	101	5.2
Cement Factory	19	25	10	10	10	6	-40.0
Indo-Jordan Chemicals Co.	52	65	93	84	80	87	8.8
King Talal Dam	9	7	10	15	16	17	6.3
Jordan Biogas Company	3	5	5	6	6	5	-16.7
Imported Energy from Egypt	45	267	322	972	788	741	-6.0
Imported Energy from Syria	-	-	-	-	38	241	534.2
2. Other Large Industries	253	200	304	315	310	322	3.9
Refinery	87	87	93	92	83	91	9.6
Fertilizer Co.	152	97	153	156	163	166	1.8
Hussein Iron Factory	14	16	15	16	16	15	-6.3
United Iron & Steal Manufacturing Co.	-	-	43	51	48	50	4.2
Total	7423	7816	8454	8966	9793	10636	
Growth Rate (%)	4.2	5.3	8.2	6.1	9.2	8.6	

Table (10)

Electrical Energy Production by Type of Generation in Jordan (GWh)

	2000	2001	2002	2003	2004	2005	Growth 2005/2004 (%)
1. Electricity Sector	6946	7144	7630	7489	8471	9138	7.9
Steam Units	6079	6240	6771	6430	7168	7524	5.0
Gas Turbines / Diesel	78	83	115	262	464	341	-26.5
Gas Turbines / Natural Gas	742	769	680	746	776	648	-16.5
Diesel Engines / HFO	2	1	3	1	1	2	100.0
Hydro Units	39	43	53	41	53	57	7.5
Wind Energy	3	3	3	3	3	3	-
Biogas	3	5	5	6	6	5	-16.7
Combind Cycle*	-	-	-	-	-	558	-
2. Industrial Sector	432	405	502	505	496	516	4.0
Steam Units	399	364	434	428	422	445	5.5
Diesel Engines / HFO	33	41	68	77	74	71	-4.1
Total	7378	7549	8132	7994	8967	9654	7.7

* Rehab SS. **Table (11)**

All Jordan Fuel Consumption for Electricity Generation (Thousand Tons of Oil Equivalent)

	2000	2001	2002	2003	2004	2005	Growth 2005/2004 (%)
1. Electricity Sector	1681	1701	1802	1845	2113	2249	6.4
CEGCO	1681	1701	1802	1845	2113	2240	6.0
SEPGCO	-	-	-	-	-	9	-
2.Industrial Companies with	129	119	145	141	139	144	3.6
Self Generation							
Total	1810	1820	1947	1986	2252	2393	6.3
All Jordan Fuel Consumption	5114	5150	5299	5774	6489	7008	8.0
Electricity Fuel Consumption	35.4	35.3	36.7	34.4	34.7	34.1	-
to Total Fuel Consumption (%)							



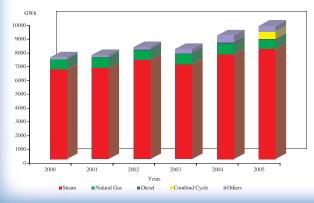
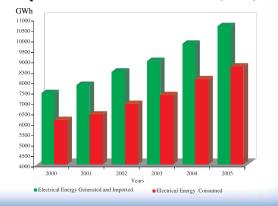


Fig (3) Electrical Energy Generated and Imported and Consumed in Jordan (GWh)



Power Demand

The peak load in the Jordanian power system in 2005 was (1751) MW compared with (1555) MW in 2004 representing an annual growth of (12.6%).

The annual peak load for the interconnected system amounted to (1710) MW during August 2005 compared with (1515) MW in July 2004, representing an annual growth rate of (12.9 %). Fig. (4), shows the daily load curves for the

interconnected system during 2004,2005.

The generating unites share in a system peak load (1710 MW) was	
Steam Units	57.1 %
Gas Units (Burning Diesel)	22.1 %
Gas Units (Burning Natural Gas)	3.9 %
Other Companies	1.9 %
Imported from (Egypt & Syria)	15.0 %

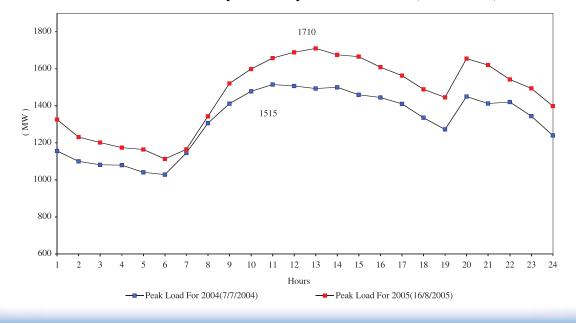
Table (12)

System Peak Loads (MW)

	А	ll Jordan (MW	Interconnec	Interconnected System		
Year	Local	Imported	-		Growth (%)	
2000	1229	9	1238	1206	9.7	
2001	1068	187	1255	1225	1.6	
2002	1298	112	1410	1370	11.8	
2003	1343	85	1428	1387	1.2	
2004	1314	241	1555	1515	9.2	
2005	1495	256	1751	1710	12.9	

Fig (4)

Interconnected System Daily Load Curve for (2004 - 2005)



Electrical Energy Consumption

Electricity consumption in Jordan for 2005 amounted to (8712) GWh compared with (8089) GWh in 2004, representing an annual growth of (7.7 %).

The average annual growth rate of electrical energy consumption during the last five years amounted to (7.2 %).

EDCO responsibility covers all consumers in NEPCO's concession areas and water projects (Subeihi & Wadi Arab) and Fertilizers Factory in Aqaba.

The distribution of electrical consumption by

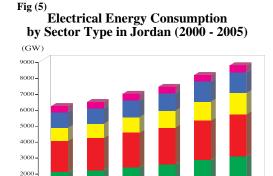
Table (13)

Electrical Energy Consumption by Sector Type (GWh)

Sector	Consumption (%)	Growth 2005/2004 (%)		
Domestic	34.31	8.9		
Industrial	30.53	7.3		
Commercial	15.11	10.6		
Water Pumping	14.90	3.0		
Street Lighting	2.84	16.2		
Others	2.31	0.2		

type of sectors in 2005 was as follows:

	Domestic	Industrial	Commercial	Water Pumping	Street Lighting	Others	Total
EDCO	381.6	129.8	150.7	692.5	58.2	15.1	1427.9
JEPCO	1994.9	1151.1	1010.9	340.6	120.2	175.3	4793.0
IDECO	612.6	148.8	108.3	265.2	69.1	5.9	1209.9
Industrial Companies	-	1229.8	-	-	-	-	1229.8
Other Companies	-	-	46.5	-	-	5.1	51.6
Total 2005	2989.1	2659.5	1316.4	1298.3	247.5	201.4	8712.2
2004	2745	2479	1190	1261	213	201	8089
2003	2471	2294	1047	1104	201	213	7330
2002	2270	2193	971	1045	190	237	6906
2001	2110	2024	880	981	178	219	6392
2000	1981	1974	805	990	173	210	6133



2002

year

Commercial

2003

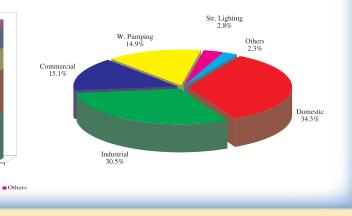
2004

W. Pumping

2005

Fig (6)

Sectorial distribution of Electrical Energy Consumption in Jordan 2005



2001

Industrial

1000

Domestic

2000

Table (14)Electrical Energy Consumption in Jordan (GWh)

	2000	2001	2002	2003	2004	2005	Growth 2005/2004 (%)
1. EDCO's Areas	919.0	969.7	1009.7	1117.1	1305.2	1427.9	9.4
2. JEPCO's Areas	3298.0	3506.9	3728.8	3972.9	4396.3	4793.0	9.0
3. IDECO's Areas	822.6	886.6	967.6	1023.1	1125.6	1209.9	7.5
4. Industrial Companies	1035.9	978.0	1147.1	1165.9	1210.9	1229.8	1.6
Refinery	92.2	90.0	97.5	99.7	91.1	105.1	15.4
Cement Factory	129.8	161.2	194.6	199.3	204.4	205.0	0.3
EL-Hasa Phosphate	79.5	68.4	70.9	68.0	68.9	68.9	0.0
Sheidiyah Phosphate	62.0	32.7	58.4	55.1	54.0	45.8	-15.2
Potash Co.	302.8	289.1	288.7	292.4	284.3	277.9	-2.3
Fertilizer Co.*	165.7	90.4	142.1	144.2	158.4	154.4	-2.5
South Cement Co.	143.4	172.7	189.3	181.6	200.5	203.8	1.6
Hussein Iron Factory**	12.8	14.6	14.2	15.1	14.9	13.8	-7.4
Indo-Jordan Chemicals Co.	47.7	58.9	48.7	43.9	46.5	48.1	3.4
United Iron & Steal Manufacturing Co.**	-	-	39.6	48.1	44.3	46.0	3.8
Jordan Magnesia Co.	-	-	0.3	8.8	26.3	0.8	-97.0
Jordan Bromine Co.	-	-	2.8	9.7	17.3	60.2	248.0
5. Queen Alia Airport	45.6	44.2	45.5	45.0	45.2	46.5	2.9
6. Haraneh B.Station	11.8	6.8	6.9	6.2	5.6	5.1	-8.9
Total	6132.9	6392.2	6905.6	7330.2	8088.8	8712.2	7.7

* EDCO's sales to Fertilizer Co. from 2000 to 2005 are not included ** The consumption from self generation

Domestic and Commercial Electricity Consumption

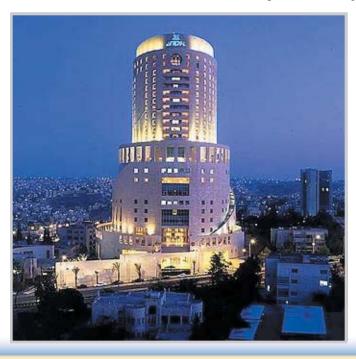




Table (15)NEPCO's Purchased Energy (GWh)

	2000	2001	2002	2003	2004	2005	Growth 2005/2004 (%)
A. CEGCO	6481.0	6661.3	7102.1	6977.3	7922.7	8524.6	7.6
Aqaba Thermal P.S	3933.5	4022.6	4688.9	3815.1	4499.5	4950.7	10.0
Hussein Thermal P.S.	1726.0	1789.1	1617.2	2158.3	2188.4	2076.6	-5.1
Risha / Natural Gas	743.2	766.4	678.0	744.2	780.1	649.9	-16.7
Gas & Diesel Units	75.6	80.5	115.0	256.7	452.0	844.2	86.8
Wind Energy	2.7	2.7	3.0	3.0	2.7	3.2	18.8
B. SEPGCO	-	-	-	-	-	28.5	-
C. Others	54.2	275.2	334.3	990.0	844.0	1002.3	18.9
King Talal Dam	8.8	6.7	10.1	15.3	16.1	16.8	4.3
Indo-Jordan Chemicals CO.	0.9	1.5	2.4	2.4	1.6	3.7	131.3
Imported Energy from Egypt	44.5	267	321.8	972.3	788.0	740.6	-6.0
Imported Energy from Syria	-	-	-	-	38.3	241.2	529.8
Total	6535.2	6936.5	7436.4	7967.3	8766.7	9555.4	9.0

Table (16)

NEPCO's Electrical Energy Sales (GWh)

	2000	2001	2002	2003	2004	2005	Growth 2005/2004 (%)
A. Distribution Companies	5642.5	6020.5	6399.9	6917.2	7655.8	8415.6	9.9
JEPCO	3639.3	3883.0	4140.4	4478.0	4902.3	5427.2	10.7
EDCO	1042.3	1107.4	1151.6	1283.2	1489.9	1633.4	9.6
IDECO	960.9	1030.1	1107.9	1156.0	1263.6	1355.0	7.2
B. Large Consumers	668.0	652.9	729.5	746.9	790.9	803.5	1.6
Refinery Co.	11.4	8.6	10.8	13.7	13.3	20.5	54.1
Cement Co.	111.9	137.5	185.6	190.2	195.0	199.5	2.3
South Cement Co.	143.4	172.5	189.3	181.6	200.5	203.8	1.6
Potash Co.	202.4	182.2	200.7	202.9	194.7	184.0	-5.5
El-Hasa Phosphate Co.	79.5	68.4	70.9	68.0	68.9	68.9	-
Sheidiyah Phosphate	62.0	32.7	16.7	20.8	24.1	14.2	-41.1
QAIA	45.6	44.2	45.5	45.0	45.2	46.5	2.9
Jordan Magnesia Co.	-	-	0.3	8.8	26.3	0.8	-97.0
Jordan Bromine Co.	-	-	2.8	9.7	17.3	60.2	248.0
Haraneh	11.8	6.8	6.9	6.2	5.6	5.1	-8.9
C. Electrical Energy Exported to Egypt	-	-	-	-	1.1	0.3	-72.7
Total	6310.5	6673.4	7129.4	7664.1	8447.8	9219.4	9.1

Table (17)

Interconnected System Network Losses (GWh)

	2000	2001	2002	2003	2004	2005
1. Generation Losses						
Generated Energy	7125	7349	7828	7679	8657	9332
Sent Out Energy	6639	6856	7308	7175	8073	8756
Losses (%)	6.82	6.71	6.64	6.56	6.75	6.17
2. Transmission Losses*						
Sent Out Energy	6535	6897	7436	7967	8767	9557
Bulk Sales	6321	6642	7129	7664	8448	9221
Losses (%)	3.27	3.70	4.13	3.81	3.64	3.52
3. Distribution Losses**						
Sent Out Energy	5646	6026	6405	6923	7656	8416
Sold Energy	5038	5366	5701	6113	6827	7431
Losses (%)	10.77	10.95	10.99	11.70	10.83	11.71
4. Interconnected System Losses						
Generated and Purchased Energy	7170	7616	8150	8651	9483	10314
Consumed Energy***	5872	6217	6629	7021	7792	8417
Losses (%)	18.10	18.37	18.66	18.84	17.83	18.39

* Transmission lines (400, 132 kV)

** It does not include Industrial Companies Networks.

*** Include the total exported energy and the consumed energy in other NEPCO's facilities.

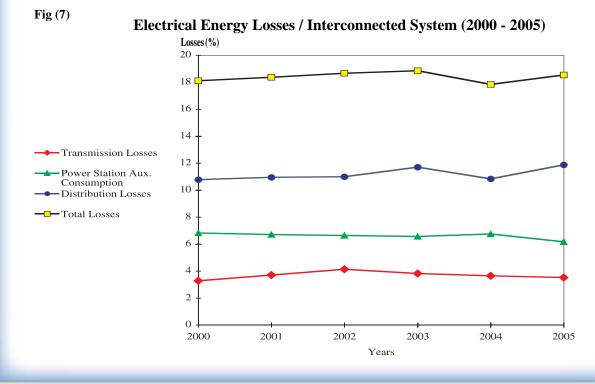




Table (18)Number of Consumers in Jordan (Thousand)

	2000	2001	2002	2003	2004	2005	Growth 2005/2004 (%)
NEPCO*	0.011	0.012	0.016	0.014	0.016	0.014	-12.5
EDCO	112.2	118.7	123.5	127.6	133.2	139.8	5.0
JEPCO	564.2	593.6	629.7	660.2	697.0	738.7	6.0
IDECO	195.4	204.8	215.8	226.0	236.7	250.6	5.9
Total	871.8	917.1	969.0	1013.8	1066.9	1129.1	5.8
Population Under Supply	4815	4935	5065	5195	5345	5480	2.5
(Thousand)							
Population Under Supply							
as Percentage of Total (%)	99.9	99.9	99.9	99.9	99.9	99.9	-

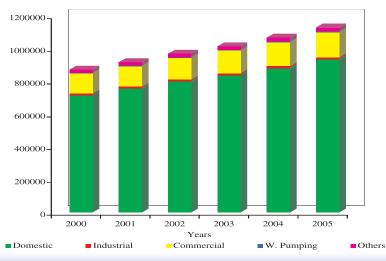
* This represents the distribution Companies and other large Consumers.

Table (19)Number of Consumers by Type of Consumption for 2005

	Domestic	Industrial	Commercial	W.Pumping	Governmental	Others	Distribution Companies	Total
1. NEPCO's Areas	-	8	3	-	-	-	3	14
2. EDCO's Areas	114308	1269	16547	2274	3386	2037	-	139821
3. JEPCO's Areas	605638	9706	107919	1074	6489	7874	-	738700
4. IDECO's Areas	213024	3145	28215	1372	3405	1462	-	250623
Total	932970	14128	152684	4720	13280	11373	3	1129158

Fig (8)

Sectorial distribution of Consumers in Jordan (2000 - 2005)



Area	Total	Villages	Electrifi	ed Villages	Populatio	fillages and n Electrified f the Total
	Villages	Population (000's)	Villages	Population (000's)	Villages (%)	Population (%)
Amman & Balqa	333	627	333	627	100.0	100.0
Irbid and Mafraq	345	887	345	887	100.0	100.0
Jordan Valley	72	172	72	171	100.0	99.4
Karak	118	185	118	184	100.0	99.5
Ma'an,Aqaba & Shoubak	92	105	92	104	100.0	99.0
Tafila	39	43	39	42	100.0	97.7
Total	999	2019	999	2015	100.0	99.8

Table (20)Rural Electrification in Jordan as of end 2005

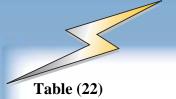
Table (21)

Population Supplied With Electricity in Jordan

Year	Total Po (000	-	Population (000		(%) of Po Under S	opulation Supply
	Kingdom	Rural	Kingdom	Rural	Kingdom	Rural
2000	4820	1743	4815	1736	99.9	99.6
2001	4940	1737	4935	1732	99.9	99.7
2002	5070	1854	5065	1850	99.9	99.8
2003	5200	1908	5195	1904	99.9	99.8
2004	5350	1970	5345	1966	99.9	99.8
2005	5485	2019	5480	2015	99.9	99.8



Ajloun Castle (Qalaat er-Rabed)



Electricity Tariff as of end 2005

	From 1/5/1996 Until 15/6/2002	From 16/6/2002 Until 31/12/2003	From 1/1/2004 Until 2/4/2004	From 3/4/2004 Until 31/5/2004	From 1/6/2004 Until 8/7/2005	From 9/7/2005
1. Bulk Supply Tariff	15/0/2002	51/12/2005	2/4/2004	51/5/2004	0/1/2005	
A- JEPCO						
Peak load (JD/kW/Month)	2.4	2.4	2.4	2.4	2.4	2.4
Day Energy (Fils/kWh)	29.00	31.40				34.30
Night Energy (Fils/kWh)	19.00	21.40	21.20	21.69	21.69	24.25
B- EDCO						
Peak load (JD/kW/Month)	2.4	2.4	2.4	2.4	2.4	2.4
Day Energy (Fils/kWh)	29.00	31.40	31.25			33.56
Night Energy (Fils/kWh)	19.00	21.40	21.20	21.69	21.69	23.51
C- IDECO						
Peak load (JD/kW/Month)	2.4	2.4	2.4	2.4	2.4	2.4
Day Energy (Fils/kWh)	29.00	31.40	31.25	31.74	31.74	31.66
Night Energy (Fils/kWh)	19.00	21.40	21.20	21.69	21.69	21.61
D- Large Industries						
Peak load (JD/kW/Month)	2.4	2.4	2.4	2.4	2.4	2.4
Day Energy (Fils/kWh)	47	48	48	48	48	48
Night Energy (Fils/kWh)	32.0	33.5	33.5	33.5	33.5	33.5
2. Retail Tariff						
a. Domestic (Fils/kWh)						
First Block : From 1-160 kWh/Month	30	31	31	31	31	31
Second Block : From 161-300 kWh/Month	52	55	55	57	57	59
Third Block : From 301-500 kWh/Month	60	64	64	65	65	67
Fourth Block : More Than 500 kWh/Month	75	80	80	80		82
b. Flat Rate Tariff For T.V and Broadcasting Stations (Fils/kWh)	60	60	60	60	60	61
c. Commercial (Fils/kWh)	60	62	62	62	62	63
d. Small Industries (Fils/kWh)	36	38	38	39		41
e. Medium Industries						
Peak load (JD/kW/Month)	3.05	3.05	3.05	3.05	3.05	3.05
Day Energy (Fils/kWh)	33	35	35	36		38
Night Energy (Fils/kWh)	21	25	25	27		28
f. Agriculture (Fils/kWh)	23	26	26	28	28	31
Peak load (JD/kW/Month)	-	-	-			3.05
Day Energy (Fils/kWh)	-	-	-	-	-	30
Night Energy (Fils/kWh)	-	-	-	-	-	20
g. Water Pumping (Fils/kWh)	34	38	38	38	38	40
h. Hotels (Fils/kWh)	60	60	60	59	59*	60*
Peak load (JD/kW/Month)	-	-	-	-	3.05	3.05
Day Energy (Fils/kWh)	_	-	_	-	55	56
Night Energy (Fils/kWh)	-	-	-	_	44	45
i. Street Lighting (Fils/kWh)**	20	25	25	27	27	30
j. Armed Forces (Fils/kWh)			67	67	67	50 67
k. Ports Corporation (Fils/kWh)	_	_	-	44.6		46.6
Notice	-	-	-	U.FF	- - 0	-10.0
1. Monthly Minimum Charge						
	1	1	1	1	1	1
a. Domestic (JD/Month)	1 1.25	1 1.25	1 1.25	1 1.25	1 1.25	1 25
b. Other Consumers (JD/Month) * The 5 & 4 Stars Hotels Can Choose Between The						1.25

* The 5 & 4 Stars Hotels Can Choose Between The 3 Categries Tariff or Continue Using The Flat Rate Tariff.
 ** Applied for Consumption Which Exceeds The Average Level of 1988 Consumption

The Hashemite Kingdom of Jordan



NATIONAL ELECTRIC POWER COMPANY



FINANCIAL STATEMENTS

Auditor's Report

To the Board of Directors, NATIONAL ELECTRIC POWER COMPANY

We have audited the accompanying Balance Sheet of the NATIONAL ELECTRIC POWER COMPANY (P.S.C) as of December 31, 2005 and the related Statements of Income and its Appropriation, Consolidated Changes in Shareholders' Equity, and Cash Flows for the year then ended. These Financial Statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

Opening balances have been audited by another auditor who issued his report on 17 April 2005. The former auditor's report included a qualification related to that fact that the opening balances of 1 January 1999 resulting from restructuring the Company into three separate companies were still not approved by the Ministers' Council.

We conducted our audit in accordance with International Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclousers in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Statements referred to above present fairly, in all material aspects, the Financial Position of the Company as of December 31, 2005, and the results of its operations, the Changes in its Shareholders' Equity and its Cash Flows for the the year then ended in accordance with the Law and the International Financial Reporting Standards.

Opening balances as of 1 January 1999, representing the qualification of the former auditor's report, were approved by the Ministers' Council in the meeting held on 12 July 2005 with no adjustments.

In compliance with the Jordanian Companies Law no. (22) of 1997, we obtained all the necessary information and explanations for our audit, and the company maintains proper accounting books and records and the accompanying Financial Statements agree with the Financial Statements incorporated in the Board of Directors' report.

Based on the above, we recommend the General Assembly to approve the accompanying Financial Statements.

IBRAHIM ABBASI & CO.



BALANCE SHEET

		Deceml	oer 31,
	Note	2005	2004
ASSETS		JD	JD
Current assets			
Cash and cash equivalent	3	5,857,439	1,818,011
Accounts receivable - net	4	73,158,470	71,267,621
Spart parts, materials and supplies	5	10,796,632	10,774,061
Letters of Credit		303,936	681,309
Prepayments and other receivables		958,121	6,256,962
Projects and studies		14,543	-
Installments and interest prepaid on loans	6	475,508	516,939
Total Current Assets		91,564,649	91,314,903
Noncurrent Assets			
Available for sale investments	7	1,662,104	1,254,033
Investments in subsidiaries and affiliates	8	4,632,790	4,632,790
Long-term loan receivable	9	801,060	801,060
Property and equipment - net	10	357,488,834	310,582,048
Property and equipment contributed by consumers - net	18	28,656,086	30,015,285
Projects under construction and payments to contractors	11	21,251,383	38,252,636
Total Noncurrent Assets		414,492,257	385,537,852

TOTAL ASSETS

506,056,906

476,852,755

		Decemb	er 31,
	Note	2005	2004
LIABILITIES AND SHAREHOLDERS' EQUITY		JD	JD
Current liabilities	_		
Bank overdraft		28,117,622	16,464,492
Interest payable and due loans		1,691,215	1,758,549
Short-term loans	12	11,628,751	12,170,162
Accounts payable and other liabilities	13	64,861,725	67,341,808
Contractors' retentions		5,814,864	5,753,546
Advances received on studies and projects		110,946	122,040
Income tax provision	14	7,878	169,180
Tariff subsidy provision	15	-	1,477,000
Total current liabilities		112,233,001	105,256,777
Non-current Liabilities	-	· ·	
Long-term loans	12	137,935,603	113,175,367
End-of-service indemnity	16	2,470,192	2,568,412
Consumers' contribution received in advance	17	2,947,826	2,312,126
on projects under contruction			
Consumers' contribution net of amortization	18	28,656,086	30,015,285
Total non-current liabilities		172,009,707	148,071,190
Shareholders' Equity	-		
Capital		230,000,000	230,000,000
Statutory reserve	24	2,365,185	2,365,185
Voluntary reserve	24	4,730,371	4,730,371
Special reserve	24	4,730,371	4,730,371
Decline in shareholders' equity as a result of restructuring	g 19	(10,545,069)	(10,977,339)
Government treasure equity	20	8,912,678	7,753,389
Grants and donations	21	382,261	373,996
Interest on payment delay of due energy sales prices	22	(17,673,931)	(17,673,931)
Fair value adjustments - available for sale investments		1,367,508	959,436
(Loss carried forward) Retained earnings	23	(2,455,176)	1,263,310
Total shareholders' equity		221,814,198	223,524,788

Total liabilities and shareholders' equity

506,056,906

476,852,755

Income Statement for the Years Ended 31 December 2005 and 2004

Note 2005 2004 JD JD Sales of electric power 25 327,106,558 291,090,478 Gas sales 77,204,220 66,190,139 Other operating revenue 30,400 109,137 Total operating expenses 404,341,178 357,389,754 Less: Operating expenses (77,204,220) (66,190,139) Operating expenses (14,895,223) (13,122,194) of consumers' property and equipment after amortization (14,895,223) (13,122,194) of consumers' property and equipment contribution (399,356,619) (344,849,451) Operating profit 4984,559 12,540,303 Finance cost (7,223,207) (6,118,363) Loss on foreign currency translation (489,853) (551,201) Interest income 30 10,900,623			Decem	ber 31,
Sales of electric power 25 327,106,558 291,090,478 Gas sales 77,204,220 66,190,139 Other operating revenues 404,341,178 357,389,754 Less: Operating expenses Purchase of electric power 26 (295,755,150) (255,332,787) Gas purchases (77,204,220) (66,190,139) (00,139) Operating expenses (77,204,220) (66,190,139) Operating expenses (77,204,220) (67,070) Depreciation of property and equipment after amorization (14,895,223) (13,122,194) of consumers' property and equipment contribution Maintenance expenses 28 (4,262,438) (2,843,515) General and administrative expenses 29 (6,510,395) (6,484,746) Operating profit 4,984,559 (12,403,03) 12,540,0303 Loss on foreign currency translation (489,853) (551,201) Interest income 30 1,000,623 1,070,259 Other expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (340,652) (192,066)<		Note	2005	2004
Gas sales 77,204,220 66,190,139 Other operating revenue 30,400 109,137 Total operating revenues 404,341,178 357,389,754 Less: Operating expenses (77,204,220) (66,190,139) Purchase of electric power 26 (295,755,150) (255,332,787) Gas purchases (77,204,220) (66,190,139) Operating expenses (77,204,220) (66,190,139) Operating expenses (77,204,220) (66,190,139) Operating expenses (77,204,220) (66,190,139) Operating expenses (13,122,194) of consumers' property and equipment contribution (14,895,223) (13,122,194) Maintenance expenses 28 (4,262,438) (2,843,515) (6,484,746) Operating profit 4984,559 12,540,303 (51,201) (14,489,451) Operating currency translation (489,853) (551,201) (14,489,451) Depreciation of slow moving spare parts (340,652) (192,066) 94,449,451) Provision for general manager's bonus - (4,000) End-of-service indemnity			JD	JD
Other operating revenue 30,400 109,137 Total operating revenues 404,341,178 357,389,754 Less: Operating expenses (295,755,150) (255,332,787) Gas purchases (77,204,220) (66,190,139) Operating expenses 27 (729,193) (876,070) Depreciation of property and equipment after amortization (14,895,223) (13,122,194) of consumers' property and equipment contribution (14,895,223) (13,122,194) Maintenance expenses 28 (4,262,438) (2,843,515) General and administrative expenses 29 (6,510,395) (6,488,4746) Operating profit 4984,5559 12,540,303 118,363 Interest income 216,165 34,468 (0ther income 30 1,090,623 1,070,259 Other expenses 31 (33,278) (74,104) 092,000 (1,407,000) Provision for general manager's bonus - (1,303,620) 12,940,001 216,165 34,468 Other income 30 1,090,623 1,070,259 (1,407,000) <td< td=""><td>Sales of electric power</td><td>25</td><td>327,106,558</td><td>291,090,478</td></td<>	Sales of electric power	25	327,106,558	291,090,478
Total operating revenues 404,341,178 357,389,754 Less: Operating expenses 9urchase of electric power 26 (295,755,150) (255,332,787) Gas purchases (77,204,220) (66,190,139) Operating expenses 27 (729,193) (876,070) Operating expenses 27 (729,193) (13,122,194) of consumers' property and equipment after amortization (14,895,223) (13,122,194) of consumers' property and equipment contribution 399,356,619 (344,849,451) Operating expenses 28 (4,262,438) (2,843,515) General and administrative expenses 29 (6,510,395) (6,484,746) Operating profit 4984,553 12,540,303 12,540,303 12,540,303 12,540,303 12,540,303 12,540,303 12,540,303 12,540,303 12,540,303 12,540,303 12,540,303 12,540,303 12,540,303 1,070,259 14,148 357,289 (74,104) 12,540,303 1,070,259 10,148,353 12,540,303 1,070,259 10,170,259 10,170,250 1,070,259 10,143,468 10,92,060) 12,92,060) 12,92,060<	Gas sales		77,204,220	66,190,139
Less: Operating expenses 26 (295,755,150) (255,332,787) Gas purchases (77,204,220) (66,190,139) Operating expenses 27 (729,193) (876,070) Depreciation of property and equipment after amortization (14,895,223) (13,122,194) of consumers' property and equipment contribution (14,895,223) (13,122,194) of consumers' property and equipment contribution (14,895,223) (13,122,194) of consumers' property and equipment contribution (14,895,223) (13,122,194) Maintenance expenses 28 (4,262,438) (2,843,515) General and administrative expenses 29 (6,510,395) (6,484,746) Operating profit 4,984,559 12,540,303 Finance cost (7,223,207) (6,118,363) Loss on foreign currency translation (489,853) (551,201) Interest income 30 1,090,623 1,070,259 Other income 30 (1,994,652) (192,066) Prior years expenses 31 (334,674) (90,211) Provision for general manager's bonus - (1,407,000)	Other operating revenue		30,400	109,137
Purchase of electric power 26 (295,755,150) (255,332,787) Gas purchases (77,204,220) (66,190,139) Operating expenses 27 (729,193) (876,070) Depreciation of property and equipment after amortization (14,895,223) (13,122,194) of consumers' property and equipment contribution (14,895,223) (13,122,194) Maintenance expenses 28 (4,262,438) (2,843,515) General and administrative expenses 29 (6,510,395) (6,484,746) Total operating expenses (399,356,619) (344,849,451) (344,849,451) Operating profit 4,984,559 12,540,303 (51,201) Interest income (16,118,363) (55,10,201) (16,118,363) Loss on foreign currency translation (489,853) (55,1,201) Interest income 30 (1,090,623 (1,070,259) Other expenses 31 (334,674) (90,211) Provision for general manager's bonus - (4,000) End obts - (1,303,620) Bad debts (78,70	Total operating revenues		404,341,178	357,389,754
Gas purchases (77,204,220) (66,190,139) Operating expenses 27 (729,193) (876,070) Depreciation of property and equipment after amortization (14,895,223) (13,122,194) of consumers' property and equipment contribution (14,895,223) (13,122,194) Maintenance expenses 28 (4,262,438) (2,843,515) General and administrative expenses 29 (6,510,395) (6484,746) Total operating expenses (399,356,619) (344,849,451) (309,355,619) (344,849,451) Operating profit 4984,559 12,540,303 [51,201) [11,18,363) Loss on foreign currency translation (489,853) (551,201) [11,18,363) Interest income 216,165 34,468 [34,674] (90,211) Proive expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (340,652) (192,066) Prior years expenses 31 (33,278) (74,104) Depreciation of Al Samra Electricity Generating Company - (1,303,620) Bad debts	Less: Operating expenses			
Operating expenses 27 (729,193) (876,070) Depreciation of property and equipment after amortization (14,895,223) (13,122,194) of consumers' property and equipment contribution (14,895,223) (13,122,194) Maintenance expenses 28 (4,262,438) (2,843,515) General and administrative expenses 29 (6,510,395) (6,484,746) Operating expenses (399,356,619) (344,849,451) (344,849,451) Operating profit 4984,559 12,540,303 (551,201) Interest income 216,165 34,468 (0ther income 30 1,090,623 1,070,259 Other expenses 31 (33,278) (74,104) (74,104) Depreciation of slow moving spare parts (340,652) (192,066) (192,066) Prior years expenses - (4,000) (1,477,000) (1,477,000) (1,477,000) (1,477,000) (250,000) (250,000) (250,000) (24,903) Scientific research and technical training provision - (1,477,000) (1,477,000) (1,477,000) - (1,477,	Purchase of electric power	26	(295,755,150)	(255,332,787)
Depreciation of property and equipment after amortization (14,895,223) (13,122,194) of consumers' property and equipment contribution (14,895,223) (13,122,194) Maintenance expenses 28 (4,262,438) (2,843,515) General and administrative expenses 29 (6,510,395) (6,484,746) Total operating expenses (399,356,619) (344,849,451) Operating profit 4,984,559 12,540,303 Finance cost (7,223,207) (6,118,363) Loss on foreign currency translation (489,853) (551,201) Interest income 30 1,090,623 1,070,259 Other income 30 1,090,623 1,070,259 Other expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (340,652) (192,066) Prior years expenses (334,674) (90,211) Provision for general manager's bonus - (1,47000) End-of-service indemnity - (1,4000) End-of-service indemnity - (1,4000) Income tax provision - (1,4000) Contribution in the corporation	Gas purchases		(77,204,220)	(66,190,139)
of consumers' property and equipment contribution Maintenance expenses 28 (4,262,438) (2,843,515) General and administrative expenses 29 (6,510,395) (6,484,746) Total operating expenses (399,356,619) (344,849,451) Operating profit 4,984,559 12,540,303 Finance cost (7,223,207) (6,118,363) Loss on foreign currency translation (489,853) (551,201) Interest income 30 1,090,623 1,070,259 Other income 30 1,090,623 1,070,259 Other expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (340,652) (192,066) Prior years expenses (334,674) (90,211) Provision for general manager's bonus - (4,000) End-of-service indemnity - (1,303,620) Bad debts (785,702) (1,094,152) Tariff subsidy provision (7,878) (702,247) Jordanian universities fee - (24,903) Scientific research and technical training provision - (1,736) <t< td=""><td>Operating expenses</td><td>27</td><td>(729,193)</td><td>(876,070)</td></t<>	Operating expenses	27	(729,193)	(876,070)
Maintenance expenses 28 (4,262,438) (2,843,515) General and administrative expenses 29 (6,510,395) (6,484,746) Total operating expenses (399,356,619) (344,849,451) Operating profit 4,984,559 12,540,303 Finance cost (7,223,207) (6,118,363) Loss on foreign currency translation (489,853) (551,201) Interest income 30 1,090,623 1,070,259 Other income 30 1,090,623 1,070,259 Other expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (344,674) (90,211) Prior years expenses (334,674) (90,211) Provision for general manager's bonus - (1,303,620) Bad debts (785,702) (1,094,152) Tariff subsidy provision - (24,903) Income tax provision (7,878) (702,247) Jordanian universities fee - (24,903) Scientific research and technical training and scientific research - (1,736)	Depreciation of property and equipment after amortization		(14,895,223)	(13,122,194)
General and administrative expenses 29 (6,510,395) (6,484,746) Total operating expenses (399,356,619) (344,849,451) Operating profit 4,984,559 12,540,303 Finance cost (7,223,207) (6,118,363) Loss on foreign currency translation (489,853) (551,201) Interest income 20 1,070,259 Other income 30 1,090,623 1,070,259 Other expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (344,662) (192,066) Prior years expenses (334,674) (90,211) Provision for general manager's bonus - (1,303,620) Bad debts (785,702) (1,094,152) Tariff subsidy provision - (1,477,000) Contribution in the corporation of Al Samra Electricity Generating Company - (24,903) Income tax provision (7,878) (702,247) Jordanian universities fee - (1,736) Board of directors' remuneration - (1,736) Board of directors' remuneration - (10,500) <	of consumers' property and equipment contribution			
Total operating expenses (399,356,619) (344,849,451) Operating profit 4,984,559 12,540,303 Finance cost (7,223,207) (6,118,363) Loss on foreign currency translation (489,853) (551,201) Interest income 30 1,090,623 1,070,259 Other income 30 1,090,623 1,070,259 Other expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (340,652) (192,066) Prior years expenses (334,674) (90,211) Provision for general manager's bonus - (4,000) End-of-service indemnity - (1,303,620) Bad debts (785,702) (1,094,152) Tariff subsidy provision - (1,477,000) Contribution in the corporation of Al Samra Electricity Generating Company - (249,0313) Income tax provision (7,878) (702,247) Jordanian universities fee - (1,736) Board of directors' remuneration - (10,500) (Loss) profit for th	Maintenance expenses	28	(4,262,438)	(2,843,515)
Operating profit 4,984,559 12,540,303 Finance cost (7,223,207) (6,118,363) Loss on foreign currency translation (489,853) (551,201) Interest income 216,165 34,468 Other income 30 1,090,623 1,070,259 Other expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (340,652) (192,066) Prior years expenses (334,674) (90,211) Provision for general manager's bonus - (4,000) End-of-service indemnity - (1,303,620) Bad debts (785,702) (1,094,152) Tariff subsidy provision - (1,477,000) Contribution in the corporation of Al Samra Electricity Generating Company - (250,000) (Loss) profit for the year before tax and provisions (7,878) (702,247) Jordanian universities fee - (1,736) Board of directors' remuneration - (1,736) Board of directors' remuneration - (10,500) (Loss) profit for the ye	General and administrative expenses	29	(6,510,395)	(6,484,746)
Finance cost (7,223,207) (6,118,363) Loss on foreign currency translation (489,853) (551,201) Interest income 30 1,090,623 1,070,259 Other income 30 1,090,623 1,070,259 Other expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (340,652) (192,066) Prior years expenses (334,674) (90,211) Provision for general manager's bonus - (4,000) End-of-service indemnity - (1,303,620) Bad debts (785,702) (1,094,152) Tariff subsidy provision - (250,000) Current the orporation of Al Samra Electricity Generating Company - (24,903) Income tax provision - (24,903) (24,903) Scientific research and technical training provision - (1,736) Board of directors' remuneration - (10,500) (Loss) profit for the year after tax and provisions - (10,500) Fund to support technical and professional training and scientific research - (10,500) (Loss) profit for the year afte	Total operating expenses	_	(399,356,619)	(344,849,451)
Loss on foreign currency translation (489,853) (551,201) Interest income 216,165 34,468 Other income 30 1,090,623 1,070,259 Other expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (340,652) (192,066) Prior years expenses (334,674) (90,211) Provision for general manager's bonus - (4,000) End-of-service indemnity - (1,303,620) Bad debts (785,702) (1,094,152) Tariff subsidy provision - (1,477,000) Contribution in the corporation of Al Samra Electricity Generating Company - (250,000) (Loss) profit for the year before tax and provisions (2,916,019) 2,490,313 Income tax provision - (24,903) - Scientific research and technical training provision - (1,736) - Board of directors' remuneration - (10,500) - (10,500) (Loss) profit for the year after tax and provisions 230,000,000 230,000,000	Operating profit		4,984,559	12,540,303
Interest income 216,165 34,468 Other income 30 1,090,623 1,070,259 Other expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (340,652) (192,066) Prior years expenses (334,674) (90,211) Provision for general manager's bonus - (4,000) End-of-service indemnity - (1,303,620) Bad debts (785,702) (1,094,152) Tariff subsidy provision - (1,477,000) Contribution in the corporation of Al Samra Electricity Generating Company - (250,000) (Loss) profit for the year before tax and provisions (7,878) (702,247) Jordanian universities fee - (1,736) Scientific research and technical training provision - (1,736) Fund to support technical and professional training and scientific research - (10,500) (Loss) profit for the year after tax and provisions (2,923,897) 1,726,024 Weighted-average number of share 230,000,000 230,000,000	Finance cost		(7,223,207)	(6,118,363)
Other income 30 1,090,623 1,070,259 Other expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (340,652) (192,066) Prior years expenses (334,674) (90,211) Provision for general manager's bonus - (4,000) End-of-service indemnity - (1,303,620) Bad debts (785,702) (1,094,152) Tariff subsidy provision - (250,000) Contribution in the corporation of Al Samra Electricity Generating Company - (2490,313) Income tax provision - (24,903) (24,903) Scientific research and technical training provision - (1,736) Board of directors' remuneration - (10,500) (Loss) profit for the year after tax and provisions - (10,500) Weighted-average number of share 230,000,000 230,000,000	Loss on foreign currency translation		(489,853)	(551,201)
Other expenses 31 (33,278) (74,104) Depreciation of slow moving spare parts (340,652) (192,066) Prior years expenses (334,674) (90,211) Provision for general manager's bonus - (4,000) End-of-service indemnity - (1,303,620) Bad debts (785,702) (1,094,152) Tariff subsidy provision - (1,477,000) Contribution in the corporation of Al Samra Electricity Generating Company - (250,000) (Loss) profit for the year before tax and provisions (7,878) (702,247) Jordanian universities fee - (1,736) Scientific research and technical training provision - (1,736) Fund to support technical and professional training and scientific research - (10,500) (Loss) profit for the year after tax and provisions - (10,500) (Loss) profit for the year after tax and provisions - (10,500) Weighted-average number of share 230,000,000 230,000,000	Interest income		216,165	34,468
Depreciation of slow moving spare parts(340,652)(192,066)Prior years expenses(334,674)(90,211)Provision for general manager's bonus-(4,000)End-of-service indemnity-(1,303,620)Bad debts(785,702)(1,094,152)Tariff subsidy provision-(1,477,000)Contribution in the corporation of Al Samra Electricity Generating Company-(250,000)(Loss) profit for the year before tax and provisions(7,878)(702,247)Jordanian universities fee-(24,903)Scientific research and technical training provision-(1,736)Fund to support technical and professional training and scientific research-(10,500)(Loss) profit for the year after tax and provisions-(10,500)Weighted-average number of share230,000,000230,000,000	Other income	30	1,090,623	1,070,259
Prior years expenses (334,674) (90,211) Provision for general manager's bonus - (4,000) End-of-service indemnity - (1,303,620) Bad debts (785,702) (1,094,152) Tariff subsidy provision - (1,477,000) Contribution in the corporation of Al Samra Electricity Generating Company - (250,000) (Loss) profit for the year before tax and provisions (2,916,019) 2,490,313 Income tax provision (7,878) (702,247) Jordanian universities fee - (24,903) Scientific research and technical training provision - (1,736) Board of directors' remuneration - (10,500) (Loss) profit for the year after tax and provisions 230,000,000 230,000,000	Other expenses	31	(33,278)	(74,104)
Provision for general manager's bonus-(4,000)End-of-service indemnity-(1,303,620)Bad debts(785,702)(1,094,152)Tariff subsidy provision-(1,477,000)Contribution in the corporation of Al Samra Electricity Generating Company-(250,000)(Loss) profit for the year before tax and provisions(2,916,019)2,490,313Income tax provision(7,878)(702,247)Jordanian universities fee-(24,903)Scientific research and technical training provision-(1,736)Board of directors' remuneration-(10,500)(Loss) profit for the year after tax and provisions(2,923,897)1,726,024Weighted-average number of share230,000,000230,000,000	Depreciation of slow moving spare parts		(340,652)	(192,066)
End-of-service indemnity-(1,303,620)Bad debts(785,702)(1,094,152)Tariff subsidy provision-(1,477,000)Contribution in the corporation of Al Samra Electricity Generating Company-(250,000)(Loss) profit for the year before tax and provisions(2,916,019)2,490,313Income tax provision(7,878)(702,247)Jordanian universities fee-(24,903)Scientific research and technical training provision-(1,736)Board of directors' remuneration-(10,500)(Loss) profit for the year after tax and provisions(2,923,897)1,726,024Weighted-average number of share230,000,000230,000,000	Prior years expenses		(334,674)	(90,211)
Bad debts(785,702)(1,094,152)Tariff subsidy provision-(1,477,000)Contribution in the corporation of Al Samra Electricity Generating Company-(250,000)(Loss) profit for the year before tax and provisions(2,916,019)2,490,313Income tax provision(7,878)(702,247)Jordanian universities fee-(24,903)Scientific research and technical training provision-(1,736)Fund to support technical and professional training and scientific research-(10,500)(Loss) profit for the year after tax and provisions-(10,500)Weighted-average number of share230,000,000230,000,000	Provision for general manager's bonus		-	(4,000)
Tariff subsidy provision-(1,477,000)Contribution in the corporation of Al Samra Electricity Generating Company-(250,000)(Loss) profit for the year before tax and provisions(2,916,019)2,490,313Income tax provision(7,878)(702,247)Jordanian universities fee-(24,903)Scientific research and technical training provision-(1,736)Fund to support technical and professional training and scientific research-(1,736)Board of directors' remuneration-(10,500)(Loss) profit for the year after tax and provisions(2,923,897)1,726,024Weighted-average number of share230,000,000230,000,000	End-of-service indemnity		-	(1,303,620)
Contribution in the corporation of Al Samra Electricity Generating Company (Loss) profit for the year before tax and provisions-(250,000)(Loss) profit for the year before tax and provisions(2,916,019)2,490,313Income tax provision(7,878)(702,247)Jordanian universities fee-(24,903)Scientific research and technical training provision-(24,903)Fund to support technical and professional training and scientific research-(1,736)Board of directors' remuneration-(10,500)(Loss) profit for the year after tax and provisions(2,923,897)1,726,024Weighted-average number of share230,000,000230,000,000	Bad debts		(785,702)	(1,094,152)
(Loss) profit for the year before tax and provisions(2,916,019)2,490,313Income tax provision(7,878)(702,247)Jordanian universities fee-(24,903)Scientific research and technical training provision-(24,903)Fund to support technical and professional training and scientific research-(1,736)Board of directors' remuneration-(10,500)(Loss) profit for the year after tax and provisions(2,923,897)1,726,024Weighted-average number of share230,000,000230,000,000	Tariff subsidy provision		-	(1,477,000)
Income tax provision(7,878)(702,247)Jordanian universities fee-(24,903)Scientific research and technical training provision-(24,903)Fund to support technical and professional training and scientific research-(1,736)Board of directors' remuneration-(10,500)(Loss) profit for the year after tax and provisions(2,923,897)1,726,024Weighted-average number of share230,000,000230,000,000	Contribution in the corporation of Al Samra Electricity Generating C	Company	-	(250,000)
Jordanian universities fee-(24,903)Scientific research and technical training provision-(24,903)Fund to support technical and professional training and scientific research-(1,736)Board of directors' remuneration-(10,500)(Loss) profit for the year after tax and provisions(2,923,897)1,726,024Weighted-average number of share230,000,000230,000,000	(Loss) profit for the year before tax and provisions		(2,916,019)	2,490,313
Scientific research and technical training provision-(24,903)Fund to support technical and professional training and scientific research-(1,736)Board of directors' remuneration-(10,500)(Loss) profit for the year after tax and provisions(2,923,897)1,726,024Weighted-average number of share230,000,000230,000,000	Income tax provision		(7,878)	(702,247)
Fund to support technical and professional training and scientific research-(1,736)Board of directors' remuneration-(10,500)(Loss) profit for the year after tax and provisions(2,923,897)1,726,024Weighted-average number of share230,000,000230,000,000	Jordanian universities fee		-	(24,903)
Board of directors' remuneration-(10,500)(Loss) profit for the year after tax and provisions(2,923,897)1,726,024Weighted-average number of share230,000,000230,000,000	Scientific research and technical training provision		-	(24,903)
(Loss) profit for the year after tax and provisions(2,923,897)1,726,024Weighted-average number of share230,000,000230,000,000	Fund to support technical and professional training and scientific res	search	-	(1,736)
Weighted-average number of share230,000,000230,000,000	Board of directors' remuneration		-	(10,500)
	(Loss) profit for the year after tax and provisions	_	(2,923,897)	1,726,024
	Weighted-average number of share		230,000,000	230,000,000
	C C	-		

The accompanying notes from integral part of this statement

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Detailed Income Statement for the Years Ended 31 December 20
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			_																							_																				5
(Loss) profit for the year after tax and provisions		Board of directors' remuneration	Fund to support technical and professional training and scientific research	Setematic research and recument a annus provision	Crientific recearch and technical training provision	Jordanian universities fee		ncome tax provision	(Loss) prodution the year before tax and provisions	T ace) most for the year hefore toy and provisions	Company	Contribution in the corporation of Al-Samra Electricity Generating		Pariff enheidy provision	Bad debts	End-of-service indemnity	Provision for general manager's ponds	r nor jours expenses	Prior vears expenses	Depreciation of slow moving spare parts	Other expenses	Other income	Interest income	Loss on totelgh currency nanstanon	I many cost	ringing cost	Operating profit	Total operating expenses	General and administrative expenses	Maintenance expenses	mers' property and equipment contribution	Depreciation of property and equipment after amortization of consu-	Operating expenses	Gas purchases	Purchase of electric power	Less: Operating expenses	Total operating revenues	Uther operating revenue	Gas sales	Sales of electric power						Detailed Income Statement for the Years Ended
																					31	30							29	28			27		26					C7	n n		Note			t for the
(2,923,897)					I		(2,2,1)	(7.878)	(2,710,017)	(2 016 010)		1			(785,702)	1		(1,10,100)	(334 674)	(340,652)	(33,278)	1,090,623	216,165	(409,000)	(100,053)	1705 200	4,984,559	(399,356,619)	(6,510,395)	(4, 262, 438)		(14,895,223)	(729,193)	(77,204,220)	(295,755,150)		404,341,178	30,400	//,204,220	327,100,338	777 106 550	JD	lotal	4 - -		e Years E
(3,073,594)		,		1	I				(2,012,274)	12 072 50/1		I			(785,702)	ı	,		(334 674)	(340,652)	(33,278)	1,090,623	216,165	(409,000)	(100 052)	1705 200	4,826,984	(311, 456, 940)	(6,294,250)	(4, 120, 925)		(14,400,702)	(704,984)	I	(285,936,079)		316,283,924	29,391		310,234,333	216 251 522	JD	Amman		2005	•
149,697							(0,0,0)	(7.878)	101,010	177 777		I	1	I	1	ı			1	I	I	I	ı	I	ļ		157,575	(87,899,679)	(216,145)	(141, 513)		(494,521)	(24,209)	(77,204,220)	(9,819,071)		88,057,254	1,009	//,204,220	10,852,025	10 050 005	JD	Aqaba	-		31 December 2005 and 2004
1,726,024	(2020)	(10.500)	(1, 736)	(27,700)	(74 003)	(24, 903)	(102,211)	(702.247)	£,470,010	2 100 212		(250,000)	(1, 777,000)	(1 477 000)	(1,094,152)	(1,303,620)	(4,000)	(20,211)	(90.211)	(192,066)	(74, 104)	1,070,259	34,468	(102,100)	(0,110,00)	(6 118 363)	12,540,303	(344,849,451)	(6, 484, 746)	(2,843,515)		(13,122,194)	(876,070)	(66,190,139)	(255,332,787)		357,389,754	109,137	66,190,139	291,090,478	001 000 170	JD	otal	ł -		er 2005 a
1,479,059							(000,000)	(685.983)	2,100,042	2 165 M2		(250,000)	(1,777,000)	(1 477 000)	(1,094,152)	(1,303,620)	(4,000)	(70,211)	(90,211)	(192,066)	(74, 104)	1,070,259	34,468	(1021,201)	(0,110,202)	(6 118 363)	12,215,032	(269,742,375)	(6, 277, 394)	(2,752,523)		(12,702,284)	(848,036)	I	(247,162,138)		281,957,407	105,645		281,801,702	701 051 767	JD	Amman		2004	und 2004
309,007							(10,201)	(16.264)	112,020	275 771		1		I	1	1	1		1	I	ı	1		ı	1		325,271	(75, 107, 076)	(207,352)	(90,992)		(419,910)	(28,034)	(66, 190, 139)	(8,170,649)		75,432,347	3,492	66,190,139	9,238,710	215 000 0	JD	Aqaba	-		

Statement of Changes in Shareholders' Equity for the Years Ended 31 December 2005 and 2004

	Capital	Statutory reserve	Voluntary reserve	Special reserve	· -	Government's Grants and treasure equity Donations	Grants and Donations	Interest on payment delay of due energy sales	Fair value adjustments	(Loss car- ried forward) retained	Total
1	٩Ľ	٩Ľ	٩D	٩D		ΩΓ	٩٢	٩٢	٩ſ	ηD	٩Ľ
lary 2004	230,000,000	2,116,154	4,232,308	4,232,308	4,232,308 (3,477,524)	6,555,184	367,522	(17,673,931)) 601,557	782,443	782,443 227,736,021
riout tot ute year Transfer to reserves Loan installments and interests		249,031	498,063	498,063		1.198.205				(1,245,157)	1,720,024 - 1,198.205
Grants and donations							6,474				6,474
Transfer the investment in Electricity Generating					(7, 500, 000)						(7,500,000)
Company towards the Government Government share in waiver fees of Electricity Gener-					(10,500)						(10,500)
ating Company shares											
Transfer of the ownership of Al-Karak land, plot (11)					10,685						10,685
pool 1 Jabal Al-Masayer											
Fair value adjustments									357,879		357,879
Balance at 31 December 2004	230,000,000	2,365,185	4,730,371	4,730,371	4,730,371 (10,977,339)	7,753,389	373,996	(17,673,931)	959,436	1,263,310	1,263,310 223,524,788
Balance at 1 January 2005	230,000,000	2,365,185	4,730,371	4,730,371 (4,730,371 (10,977,339)	7,753,389	373,996	(17,673,931)) 959,436		1,263,310 223,524,788
Loss for the year										(2,923,897) (2,923,897)	(2,923,897)
Transfer to reserves											•
Loan installments and interests						1,159,289					1,159,289
Grants and donations							8,265				8,265
Prior years income tax										(788, 289)	(788, 289)
Board of directors' remuneration										(6,300)	(6,300)
Materials received from Electricity Generating Company					432,270						432,270
Fair value adjustments									408,072		408,072
Balance at 31 December 2005	230,000,000	2,365,185	4,730,371	4,730,371 (4,730,371 (10,545,069)	8,912,678	382,261	(17,673,931)) 1,367,508	(2,455,176) 221,814,198	221,814,198

	/
Statement of Cash Flows for the Years Ended	
31 December 2005 and 2004	

	For the Year Ended December 31,	
	2005	2004
Cash flows from operating activities	JD	JD
(Loss) profit for the year	(2,916,019)	2,490,313
Depreciation of property and equipment after amortization of consu-	14,895,223	13,122,193
mers' property and equipment contribution		
Depreciation of slow moving spare parts	340,652	192,060
Gain on sale of property and equipment	(21,472)	(12,275
Bad debts	785,702	1,094,152
End-of-service indemnity	-	1,303,620
Tariff subsidy provision	(1,477,000)	1,477,000
Interest income	(216,165)	(34,468
Financial costs	7,223,207	6,118,363
Change in current assets and liabilities		
Accounts receivable - net	(2,676,551)	(29,790,792)
Spart parts, materials and supplies	69,047	(959,611)
Letters of Credit	377,373	(397,989)
Prepayments and other receivables	5,298,841	310,399
Accounts payable and other liabilities	(2,372,033)	29,275,389
Contractors' retentions	61,318	1,724,70
Studies and projects under construction	(14,543)	
Advances received on studies and projects	(11,094)	(730,500
Consumers' contribution received in advance on projects under contruction	635,700	(5,122,158
Cash flows from operating activities	19,982,186	20,060,403
End-of-service indemnity paid	(98,219)	(73,974
Financial costs	(7,223,207)	(5,929,683
Paid from scientific research and technical training provision	(101,118)	(41,707
Paid form fund to support technical and professional training and scientific research	(13,232)	(1,772
Income tax paid	(957,469)	(788,210
Net cash flows from operating activities	11,588,941	13,225,057
Cash flows from investing activities	, ,	
Investments in subsidiaries and affiliates	-	(50,000)
Purchase of property and equipment	(61,884,185)	(6,665,137
Sale of property and equipment	103,648	42,75
Projects under construction and payments to contractors	17,001,253	(31,228,656
Interest income received	216,165	34,468
Net cash flows from investing activities	(44,563,119)	(37,866,574
Cash flows from financing activities		
Bank overdraft	11,653,130	9,300,002
Prepaid loan installments and interest	41,431	(6,276
Loans	24,760,236	7,957,012
Decline in shareholders' equity as a result of restructuring	-	185
Interest payable and due loans	(608,745)	
Grants and donations	8,265	6,474
Government treasure equity	1,159,289	1,198,205
Net cash flows from financing activities	37,013,606	18,455,602
Change in cash balances	4,039,428	(6,185,915)
Cash and cash equivalents at beginning of year	1,818,011	8,003,926
Cash and cash equivalents at end of year	5,857,439	1,818,011

NOTES TO FINANCIAL STATEMENTS

1. INCORPORATION

National Electric Power Company was registered as a public shareholding company at the Ministry of Industry and Trade on 29 August 1996 as decided by the Concil of Ministers' resolution to convert the Jordan Electricity Authority into a public shareholding company with a capital of JD 230,000,000 devided into 230,000,000 shares at JD 1 par value which is wholly owned by the government. The company is considered to become the natural and legal successor to Jordan Electricity Authority which was established in accordance with Special Decree No. (21) of 1997 with an independent financial and administrative existence. In order to enable the new company to perform its activities, 1996 Decree No (10), subsequently amended by Decree No (13) of 1999, was issued to regulate the electricity sector in Jordan, espacially with respect to power generation. transmission and distribution.

National Electric Power Company was restructured into three separated companies starting from 1 January 1999 in execution of the Council of Ministers' resolution taken on 4 October 1997 which stipulated that goverment should maintain the ownership of the activities of transmission, power control. power purchase and sale and power exchange with neighbouring countries.

The accompanying financial statements reflects assets, liabilities and results of operations of the transmission and control (the National Electric Power Company) resulted from the restructuring process of the National Electric Power Company into three companies.

The company's headquarter is located in Amman. There are 1,048 employees as of 31 December 2005 (31 December 2004: 991 employees).

2. SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies applied in preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2-1. Basis of preparation

Financial statements have been prepared in accordance with International Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention except that financial assets and liabilites are carried at fair value.

2-2. Cash and cash equivalent

This item represents cash balances, deposits at banks and high liquid investments which are able to be liquidized within a period of 3 months or less.

2-3. Accounts receivbale

Accounts receivable are stated at fair recoverable value less provision of impairment.

2-4. Spare parts, materials and supplies

Spart parts, materials and supplies are stated at cost which is determined using the weighted average method.

2-5. Investments

Available for sale investments

Available for sale investments are stated at fair value. Unrealized gain or loss resulted from evaluation are stated as a shareholder's equity item. Financial investments are reevaluated using closing prices at Amman Stock Market at the balance sheet date. As for the investments of which no fair values are available, they are stated at cost.

Investments in subsidiary and associates

Investments in companies the capital of which the Company owns 20% or more with no excercised financial and administrative influence are stated at cost.

2-6. Property and equipment

All propery and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that directly attributable to the acquisition of the items.

Maintenance and repair costs are expensed, while betterment costs are captilized on the related items.

In the execution of the Electricity Regulatory Commission resolution, legal compensations are classified separately as a capital expenditure in property and equipment category. Those compensations comprise amounts paid by the Company to the owners of lands through where electrical networks pass. Those amounts are annually depreciated over a period of 10 years.

Depreciation is calculated using the straight-line method over the estimated useful lives of assets at annual rates varying from 2 to 20%.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

2-7. Pojects under construction

Projects under construction represent the cost of performed work in addition to the interest paid on loans that were used to fund these projects and the administrative and general expenses of the departments that supervise these projects.

2-8. Property and equipment contributed by consumers

Property and equipment contributed by consumers are depreciated using the straight-line method at annual rate of 4%. Accordingly, the book value of consumers' contribution is amortized using the straight-line method at annual rate of 4%. Depreciation expense is annually reduced by amortization.

2-9. Foreign currency Translation

Foreign currency transactions are translated into Jordanian Dinar at the exchange rates prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exhange rates prevailing at the balance sheet date except for the loans granted by Arab funds which are stated either at the rates prevailing at the withdrawal dates or at the rates prevailing at the date of settlement as agreed. Foreign exchange gains or losses resulting from the settlement of currencies and from the translation at the balance sheet date are recognized in the income statement.

2-10. End-of-service indemnity provision

End-of-service indemnity provision represents the amount that was deducted as a provsion for the difference in the calculated end-of-service compensation that is due to the employees who still work for the Company as of the balance sheet date.

2-11 Provisions

Scientific research and professional training provision

A provision of 1% of the profit for the year is annually deducted as a scientific research and professional training provision. This provision is to be used for the training and scientific research purposes. Jordanian universities fee provision

A provision of 1% of the profit for the year is annually deducted as a Jordanian Universities fee provision.

Fund to support technical and professional training and scientific research

A provision of 1% of the profit for the year after deducting all provisions and reserves and the Board of directors remuneration is annually payed for Income Tax Department.

2-11. Interest on payment delay of due energy sales due prices

An interest is charged on payment delay of due energy sales prices. This interest is taken to income statement as an other income at a monthly rate of 1% starting from the invoice mature date until the partial or full payment. The amount of the interest is at 9% maximum limit as for subscribers.

2-12. Revenue recongnition

Sale of energy

Income from sales is recognized when the services are rendered and the invoice is issued. Selling prices (tariff) are determined by the government.

Investment income

Investment income is recognized when received.

2-13. Administrative and general expenses

Included in the administrative and general expenses are direct and inderict expenses which are directly related to other operating expenses in conformity with IFRS. Expenses are distributed, when needed, between administrave and genearal expenses and operating expenses in a stable basis.

Operating expenses are distributed between Amman and Aqaba at a percentage on the proportion of energy sales of each of the two locations of the total energy sales.

2-14. Income tax

The Company is subject to Income Tax Law no 57 of 1985 and subsequent amendments thereto and the regulations issued by the Income Tax Department in the Hashemite Kingdome of Jordan and provided on an accrual basis. Incom tax is computed based on adjusted taxable income. Any difference in the estimate is recorded when the final assessment is approved at the time the provision is cleared. According to IAS 12, the Company may have deferred tax assets resulting from the difference between the accounting value and the tax value of the assets and liabilities related to provisions. These assets are not shown in the accompanying financial statements since there is no assurance could be arise from the benifits of there deferred taxes during specific period of time.

3. Cash and cash equivelants

This item comprises:

	2005	2004
	JD	JD
Cash on hand	131,311	97,834
Cheques under collection	4,515	-
Bank current accounts	2,313,583	1,579,274
Bank deposits	3,408,030	140,903
	5,857,439	1,818,011

4. Accounts receivable

This item comprises:

	2005	2004
	JD	JD
Jordan Electricity Company	38,227,545	32,315,842
Irbid District Electricity Company - subsidiary	9,889,920	12,123,930
Electricity Distribution Company	14,264,915	12,947,978
Electricity Distribution Company - prior to 1998	5,160,276	6,160,276
Wholesale consumers	4,255,690	4,032,452
Total energy sale debtors	71,798,346	67,580,478
Central Electricity Generating Company - gas sales	4,685,761	5,965,946
Contractors	76,631	9,150
Due from employees	14,065	5,827
Other debtors	500,544	853,720
Electricity Distribution Company	1,164,498	1,173,855
Jordan Universities Networks Company	150,433	211,527
Industrial Cities Corporation	622,010	622,010
Total	79,012,288	76,422,513
Less: provision for doubtful debts	(5,853,818)	(5,154,892)
	73,158,470	71,267,621

Amounts due from Jordan Electric Power Company, Irbid District Electricity Company, Electricity Distribution Company and wholesale consumers include interest on past due amounts totaled to JD3,603,391 and JD3,689,416 as of 31 December 2005 and 2004 respectively. This interest had been calculated until 1999 and included in the provision for doubtful debts provided that the interest for the years from 2000 to 31 December 2005 amounting to JD9,959,351 are to be recongnized and recorded when received.

5. Spare parts, materials and supplies

This item comprises:

	2005	2004
	JD	JD
Spare parts, transoformer stations, transmission lines and materials	8,414,312	8,554,229
Stationary and office supplies	9,519	7,248
Warehouse materials for training	117,056	125,237
Control and monitoring center materials	2,255,745	2,087,347
	10,796,632	10,774,061

6. Installments and interest prepaid on loans

This item represents installment which are prepaid to the Islamic Bank for Development and Finance, Jaddah on the loan which was matured on 1 December 2006. This loan had been prepaid by the Company in order to make use of incentive discount at 15%.

7. Available for sale investments

	Cost		2005		2004
	JD	Shares	JD	Shares	JD
Jordan Electric Power Company	157,567	363,699	1,662,104	290,909	1,254,033

On 19 July 1997, National Electric Power Company signed an agreement with Jordan Investment Corporation whereby the company's share in 1,663,023 shares of Irbid District Electricity Company was transferred to the corporation at book value, which was JD 2,032,790 until they are sold in accordance with the selling conditions stipulated by the agreement mentioned hereinbefore.

On 15 January 2004, the Company transferred its share in 7,500,000 shares of the Central Electricity Generating Company at JD 7,500,000 to the government in the execution of the Council of Ministers' resolution on 16 September 2003 based on the Council of Ministers' resolution on 26 August 2003. The transfer was completed on 15 January 2004.

On 19 May 2004, Board of Directors' Members approved the registeration of a new company with a capital of JD 100,000 named "International Electricity Maintenance and Training Co." at the Ministry of Industry and Trade based on the Council of Ministers' resolution no 36 dated 17 February 2004. The Compnay owns 50% of the shares of the new one in order to make use of the qualified persons in maintenance field.

All these investements have been temporarily recorded in the Company's records at cost due to the fact that the company has no financial or administrative influence over them as long as there is no final decision taken by the government in this regard.

8. Investments in subsidiary and affiliates

	Share	2005	2004
	%	JD	JD
Subsidiaries:			
Irbid District Electricity Co.	55.45	2,032,790	2,032,790
Jordan - Swiss Automation Services LTD	50.00	50,000	50,000
International Electricity Maintenance and Training Co.	50.00	50,000	50,000
Affiliates:		2,132,790	2,132,790
Electricity Distribution Co.	25.00	2,500,000	2,500,000
		4,632,790	4,632,790

9. Long-term debit loan

This item represents the loan granted to the Company's employees housing fund.

10. Property and equipment :

	2004	Additions	Disposals	2005
	JD	JD	JD	JD
Cost :				
Lands	16,204,443	54,718		16,259,161
Buildings	23,804,627	6,983,222		30,787,849
Transmission lines- sea cable	25,231,064			25,231,064
Transmission lines	155,691,770	4,954,875		160,646,645
Earth lines	1,574,303			1,574,303
Transformer stations	171,966,000	36,090,122		208,056,122
Insulator test stations	177,221			177,221
Consumers' meters	1			1
Communication equipment in fiber optics	1,619,098	278,390		1,897,488
Automatic switchboards and	2,081,871	28,877		2,110,748
communication equipment				
Computers	1,124,827	88,155	37,646	1,175,336
Vehicles	3,357,912	576,729	68,619	3,866,022
Warehouse equipment	17,663	1,070		18,733
Laboratory equipment	295,239	10,951		306,190
Operating equipment	604,242	14,830		619,072
Control equipment	3,715,222	61,979		3,777,201
Tools and equipment	480,531	161,351	489	641,393
Other equipment	817,100	189,045		1,006,145
Office equipment and furniture	1,116,905	124,461		1,241,366
Training equipment	126,795			126,795
Legal compensations assets	18,143,090	12,430,176		30,573,266
Total cost	428,149,924	62,048,951	106,754	490,092,121
Less: property and equipment	(37,891,012)	(164,766)		(38,055,778)
contributed by consumers				
	390,258,912	61,884,185	106,754	452,036,343

					>>
C	epreciation Rate	2004	Additions	Disposals	2005
-	%	JD	JD	JD	JD
Depreciation:					
Buildings	2-3.33	5,211,354	902,760		6,114,114
Transmission lines - sea cable	2.5	3,869,177	630,777		4,499,954
Transmission lines	1.5-7.2	20,650,472	3,071,559		23,722,031
Earth lines	1.66- 5.8	708,558	86,348		794,906
Transformer stations	2.22- 7.2	44,610,162	7,229,138		51,839,300
Insulator test stations	7.14	66,310	15,900		82,210
Communication equipment in fiber optic	s 10	618,539	189,749		808,288
Automatic switchboards and	4 - 20	1,309,732	89,367		1,399,099
comunication equipment					
Computers	20	799,097	123,542	8,157	914,482
Vehicles	20	1,640,218	472,917	24,393	2,088,742
Warehouse equipment	10	5,897	1,481		7,378
Laboratory equipment	10	172,838	28,757		201,595
Operating equipment	10	482,347	68,564		550,911
Control equipment	12.5	3,585,156	116,349		3,701,505
Tools and equipment	10	292,969	75,038	187	367,820
Other equipment	10	443,176	101,475		544,651
Office equipment and furniture	10	609,741	162,070		771,811
Training equipment	3.33	8,453	4,227		12,680
Legal compensations assets	10	2,468,397	3,057,327		5,525,724
Total		87,552,593	16,427,345	32,737	103,947,201
Less: Depreciation of property an	nd 4	(7,875,727)	(1,523,965)		(9,399,692)
equipment contributed by consumers					
		79,676,866	14,903,380	32,737	94,547,509
Net book value		310,582,046			357,488,834

According to the resolution of the Electricity Regulatory Commission in its meeting held on 18 October 2003, compensations paid by the electricity companies to the real estate owners of lands through where the electric networks pass were considered as capital expenditures and were classified as a separate item of the property and equipment section. These compensations are depreciated as an asset over an estimated life of 10 years provided that compensations paid during any one year are capitlized at the end of that year starting from 1 January 2003.

Included in the cost of the property and equipment is the cost of property items owned by Islamic Development Bank - Jeddah totaling to JD 11,040,500 against long-term loan granted to the Company. Ownship of these property items shall be transferred to the Company after the last installment of the loan being paid during the year 2008.



	2005	2004
	JD	JD
Transmission lines projects	5,983,818	3,876,268
Constructing and expanding of transforming stations	11,550,143	30,219,036
Monitoring and control center	173,524	483,416
Other projects	1,788,771	1,385,527
Payments to contractors	1,755,127	2,288,389
	21,251,383	38,252,636

During the year, an amount of JD 688,393 of the financing costs have been capitalized to projects under construction.

12. Loans

	2005	2004
	JD	JD
Direct loans-foreign currencies	120,018,771	113,463,403
Local loans	29,545,583	11,882,126
	149,564,354	125,345,529
Less: current portion	(11,628,751)	(12,170,162)
Long - term portion	137,935,603	113,175,367

Mature dates of loans expanding to 2018 at annual interest rates varying from 0.75% to 9.75%. Morabaha percentage on loans granted by Islamic Development Bank - Jeddah varys from 50% to 54%.

Loans granted to the Company are guaranteed by the government of the Hashemite Kingdom of Jordan. Furthermore, the government determined the proper methods of payment of these loans and decided to keep the situation regarding the property items belonges to the Company and the ownership of which refers to the Islamic Development Bank - Jeddah as is until the full payment of the loan on 1 July 2008. The loan granted by the Bank amounted to JD2,853,049 and JD4,079,013 in the year 2005 and 2004 respectively.



13. Accounts payable and other liabilities

	2005	2004
	JD	JD
Central Electricity Generating company- purchase of power	49,137,951	50,528,876
Egyption Company for Electricity Transmission - purchase of power	4,281,302	2,309,323
Jordanian Egyption Fajir Company for Natural Gas Transmission	4,711,912	5,366,734
and Supplies - purchase of gas		
General Establishment for Electricity Transmission and Generating	536,327	725,885
Jordan Valley Authority - King Talal Dam - purchase of power	772,052	630,580
Electricity Regulatory Commission	7,947	-
Ministry of Finance - purchase of gas	3,083,524	5,775,290
Central Electricity Generating company- other	151,281	55,000
Samra Electricity Generating Company	347,192	-
Contractors	3,536	3,536
Withholdings due to government and other parties	848,891	746,700
Due to employees	18,366	69,417
Other payables and tenders	89,517	106,571
Accrued expenses	17,667	44,786
Jordanian universities fees provision	594,270	594,270
Scientific research and training provision	257,087	358,205
Education and technical and professional training fund	-	13,232
Provision for legal cases filed against the Company	2,903	2,903
Board of directors' remuneration	-	10,500
	64,861,725	67,341,808
14. Income tax provision		
	2005	2004
	JD	JD
-	1 (0, 100	255 1 42

Starting balance on 1 January	169,180	255,143
Paid during the year	(957,469)	(788,210)
Prior years tax differences	788,289	-
Income tax provision	7,878	702,247
Ending balance on 31 December	7,878	169,180

The Company filed all tax exposure on time in the Income Tax Department. The years 1998 to 2003 are still unaudited by the department. The management's point of view is that the deducted income tax provision is sufficient.

IFRS 12 stipulates that deferred tax resulted from the difference between accounting and tax values of assets and liabilities should be recognized. As a result, a deferred tax asset might arise to the benefit of the Company resulting from the time differences of doubtful debt provision and end of service compensation provision in addition to fees. The management decided not to record such deferred taxes due to the fact that there is no assurance about the benefit of these time differences.

15. Tariff subsidy provision

1

	2005	2004
	JD	JD
Starting balance on 1 January	1,477,000	2,918,000
Decreased from accounts receivable during the period	(1,477,000)	(2,918,000)
Provision for the year	-	1,477,000
Ending balance on 31 December	-	1,477,000

According to the Council of Ministers' resolution in the meeting held on 23 March 2004 and according to the recommendation of the development committee on 22 March 2004, it was approved to compensate Irbid Electricity Company for the decrease of electricity tariff in northern provinces to become equal to other provinces in the kingdom. This subsidy amounted to JD 1,477,000 and is payable by National Electricity Power Company.

16. End-of-service indemnity

	2005	2004
	JD	JD
Starting balance on 1 January	2,568,412	1,338,766
Paid during the year	(98,220)	(73,974)
Provision deducted	-	1,303,620
Ending balance on 31 December	2,470,192	2,568,412

17. Consumers' contribution received in advance on projects under contruction

	2005	2004
	JD	JD
Dead Sea eastern coast development	150,238	150,238
Transmission line project Subiehi - Waqas and transformer station - Waqas	1,173,587	1,173,587
Transformer station project - Subiehi	721,600	721,600
Water Authority expansion project / Al-Hasa Transformer station	10,731	10,731
Al-Omari border center energy supply	-	118,410
Industrial City - Ma'an energy supply	50,000	50,000
United Company for Industry energy supply	762,920	87,560
Al-Hassa wells and water bumping energy supply	72,150	-
Air Force Ground fiber optic cables	6,600	-
	2,947,826	2,312,126



18. Consumers' contribution net of amortization

According to the Prime Minister's resolution number 23/11/6189 dated 4 December 1985, consumers' contributions, which represent contributions for works carried out at the request of consumers, are amortized at an annual rate of 4% starting from 1985. This item is detailed as follows:

	2005	2004
	JD	JD
Consumers' contribution after revaluation	38,055,778	37,891,012
Less: accumulated amortization	(9,399,692)	(7,875,727)
	28,656,086	30,015,285

19. Decline in shareholders' equity as a result of restricturing

	2005	2004
	JD	JD
Adjustment of National Electric Power Company's share in equity		
upon separation after deduction of capital	(7,532,719)	(7,532,719)
Warehouse materials received according to the supervisory and coor-		
dination committee resolution	90,877	90,877
Zarqa warehouse materials transferred from Central Electricity Generat-		
ing Company according to the company's Board of Directors' resolution	(51,571)	(51,571)
Lands appropriated from the Hashemite Kingdom of Jordan govern-		
ment to the company	493,923	493,923
Glass insulators received from Central Electricity Generating Company	9,419	9,419
Dual reading and timing meters transferred to Electricity Distribution		
Company	(47,158)	(47,158)
Net book value of Hyundai car transferred to Central Electricity Gen-		
erating Company	(4,610)	(4,610)
Land acquisition	3,563,272	3,563,272
Accounts receivable balances tranferred from Electricity Distribution		
Company	1,043	1,043
Transferring Company's share of investments in Central Electricity Gen-		
erating Company of 7,500,000 shares with total value of JD 7,500,000 to-		
wards the government according to the Council of Ministers' resolution	(7,500,000)	(7,500,000)
The government share of the waiver fees on the Central Electricity		
Generating Company	(10,500)	(10,500)
Transfer of the ownership of Al-Karak land, plot no (11) pool (1) Ja-		
bal Al Masayer	10,685	10,685
Materials received from Central Electricity Generating Company	432,270	-
	(10,545,069)	(10,977,339)

20. Government treasure equity

This item represents some of loan interests and installments balances which were credited to the treasury which is presented in the balance sheet in the shareholders' section in execution of these loans signed agreements. The balance of this item is not a liability payable by the Company.

21. Grants and donations

This item comprises grants and donations obtained through agreements signed by the government of the Hashemite Kingdom of Jordan with external parties. The following is a detail:

	2005	2004
	JD	JD
Japanease Government grant / JICA	117,450	109,185
Grants to develop a monitoring and control center	259,308	259,308
Grants by other bodies	5,503	5,503
	382,261	373,996

22. Interest payment delay of due energy sales prices

According to the Council of Ministers' resolution dated 13 November 1999, the government departments and the Water Authority were exempted from interest on delay of payment of energy sales due prices which were payable to Jordan electricity companies as of 31 December 1998. The National Electric Power Company is to further exempt the Jordan electricity companies from interest on delay of payment of energy sales due prices as of 31 December 1998. The amount to be exempted herein is to be in line with the amount of interest from which the government departments and the Water Authority were exempted. The necessary arrangements are to be made by the parties concerned. According to the board of directors' resolution dated 10 April 2000, the openning balance sheet balances have been adjusted by decreasing both shareholders' equity and accounts receivable as follows:

	JD
Interest on delay of payment of energy sales due prices from which the Jordanian Electricity Companies were exempted	11,351,647
Writing-off Interest on delay of payment of energy sales due prices - due from the government departments and Water Authority	6,322,284
	17,673,931

During 2000, the openning balance sheet adjustments were transmitted to the Council of Ministers for approval.

23. Retained earnings

	2005	2004
	JD	JD
Starting balance on 1 January	1,263,310	782,443
Less: prior years income tax	(788,289)	-
Board of Directors Remuneration	(6300)	-
Profit after provisions	(2,923,897)	480,867
Ending balance on 31 December	(2,455,176)	1,263,310

24. Reserves

Stutory reserve

In accordance with the Companies' Law of the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has formed a statutory reserve by deducted 10% of annual profit. This portion is to be deducted annually and charged to the reserve until the balance of this reserve reaches 25% of the authorized capital. However, the Company can keep deducting this portion upon the general assembly approval until the reserve balance becomes equal to the authorized capital.

Voluntary reserve

According to the Companies' Law of the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company can form a voluntary reserve by appropriating not more than 20% of profit to that reserve.

Special reserve

In accordance with the Companies' Law of the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company is allowed to form a special reserve by deducted not more than 20% of annual profit according to the board of directors' recommendation. This reserve is to be used for extension purposes.

25. Sales of electric power

2005				2004		
-	Qyt Sold	Average	Total enregy	Qyt sold	Average	Total enregy
		Tariff	sold		Tariff	sold
	MWh	JD/ MW	JD	MWh	JD/ MW	JD
Jordan Electric Power Company	5,427,180	34.863	189,207,983	4,902,273	33.405	163,760,004
Irbid District Electricity Company	1,355,032	33.483	45,370,962	1,263,626	33.418	42,228,105
Electricity Distribution Company	1,633,397	33.782	55,179,591	1,489,936	32.734	48,770,986
Egypt sales	260	56.462	14,680	1,095	34.780	38,084
Wholesale consumers	803,695	46.452	37,333,342	790,877	45.890	36,293,299
Total	9,219,564		327,106,558	8,447,807		291,090,478

26. Purchase of electric power

		2005			2004	
-	Qyt	Average	Total energy	Qyt	Average	Total energy
	purchased	Tariff	purchased	purchased	Tariff	purchased
	MWh	JD/ MW	JD	MWh	JD/ MW	JD
Central Electricity Generating Company	8,524,604	28.922	246,547,406	7,922,797	28.707	227,441,882
Egyption Company for Electricity Transmissi	on 740,600	45.496	33,694,427	788,005	33.017	26,017,580
Syrian Public Electricity Establishment	241,160	54.234	13,079,073	38,320	38.443	1,473,153
Al-Samra Generating Company	28,521	69.430	1,980,209	-		-
King Talal Dam and Indian Company	for					
Chemical Industries	20,500	22.148	454,035	17,664	22.655	400,172
Total	9,555,385		295,755,150	8,766,786		255,332,787
27. Other operating expenses						
				2005	2	004
				JD		JD
Engery providing cost (Operations	s manageme	ent cost)		629,051	-	777,720
Contribution in road lighting				37,760)	30,446
Other operating expenses				52,248	3	57,115
Transformer stations expenses				10,134	ļ	10,789
Total				729,193	;	876,070

28. Maintenance expenses

1

	2005	2004
	JD	JD
Transmission lines	993,290	722,905
Transformer stations	2,651,789	1,666,037
General	249,583	342,208
Control and monitoring	347,617	89,891
Training center	20,159	22,474
Total	4,262,438	2,843,515

29. Administrative and general expenses

	2005	2004
	JD	JD
Salaries	2,767,581	2,713,875
Other employees benefit	1,446,815	1,226,540
Insurance of assets	389,889	393,615
Outside services	232,092	231,898
Preliminary studies and research cost	-	214,423
Buses rent	117,688	107,740
Subscripitions with organizations and unions	36,398	33,454
Stamps and fees	46,780	69,058
Licenses and custom fee on vehicles	27,120	27,146
Stationary, printings and office supplies	59,622	67,200
Water and electricity	83,228	70,088
Tickets and travel expenses	84,284	61,348
Expenses on vehicles	35,029	27,920
Cleaning	40,488	46,710
Communication cost	104,425	49,310
Licensing with electricity sector regulatory commission	691,467	633,586
Advertisements	26,933	46,440
Expenses paid for capitalization of electricity sector	-	159,537
Board of directors' remuneration	37,800	37,800
Electricity training center	62,541	48,039
Commissions on gas purchases	3,369	35,452
Rewards to students of universities and academies	11,847	15,395
Rewards to committees and medical committees compensation	48,979	45,265
Other expenses	156,020	122,907
Total	6,510,395	6,479,759

30. Other income

	2005	2004
30-1. This item consists	JD	JD
Income from studies and consultations rendered to other parties - net	576,640	637,345
Compensations by insurance companies	94,682	32,195
Shares income	261,082	331,718
Gain on sale of scaped assets	56,093	27,727
Income from panelties on materials delivery delays	13,903	12,520
Meters setting up income - King Talal Dam	21,489	-
Rentals	4,500	-
Project executed	22,248	-
Gain on sale of asset items	21,472	12,275
Communications department income	-	1,058
Other revenues	18,514	15,421
Total	1,090,623	1,070,259

30-2. Income from studies and consultations rendered to other parties - net			
	2005	2004	
	JD	JD	
Income from studies and consultations rendered to other parties	1,236,746	1,525,502	
Rewards to projects services staff	(5,198)	-	
Cost of studies and consultations rendered to other parties	(654,908)	(888,157)	
Net	576,640	637,345	
31. Other expenses			

	2005	2004
31-1. This item consistsparties - net	JD	JD
Net costs of houses (Note 31-2)	21,920	44,450
Donations	8,850	17,493
Materials written-off	-	12,061
Govermaental fee on buildings and other	2,508	100
Total	33,278	74,104
31-2. Net costs of houses (Note 31-2)		
	2005	2004
	JD	JD
Income from houses	19,890	16,237
Costs of houses	(41,810)	(60,687)
Net	(21,920)	(44,450)

32. Company's contribution to establish Al-Samra Electricity Generating Company

According to the board of directors' resolution dated December 20, 2004 and based on the Council of Ministers' decision number 34 dated August 26, 2003, the Company paid its full share in Al-Samra Electricity Generating Company - Private Shareholding Company -, which is owned by the government of the Hashemite Kingdom of Jordan at a capital of JD 50,000,000.

33. Contingent liabilities

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As of December 31, 2005, the Company had the following contingencies:

- Against letters of credited a liability amounted to JD 5,906,199.
- Against letters of gurantees a liability amounted to JD 43,015.

34. Guarantees received from contractors

The Company had letters of guarantees amounted to JD 13,406,135 gived by contractors.

35. Fair value

As of the balance sheet date, fair values of the Company's financial assets and liabilities approximate their carrying amount except for the long-term loans the fair values of which equal to the present value of the future cash flows using the prevailing interest rate paid on similar loans.

36. Risk management

The Company is exposed to interest rate, credit and currency risk. Those risks are managed by the Company as follows:

Interest rate risk

Financial instruments stated in the balance are not exposed to interest rate risk except for bank overdraft and loans the interest rates of which change according to the prevailing interest rate in market. Credit risk

The Company maintains its cash at financial institution with good solvency.

Currency risk

The Company is exposed to risk resulted from the exchange rate changes of foreign currencies used in the Company's operations, such as EURO, Streling Pound and Kuwait Dinar. These currencies are of not fixed exchange rates. On the other hand, transactions made in USD is not exposed to such risk due to the fixed exchange rate of USD (1.41 USD per 1 JD).

37. Approval of the financial statements

The financial statements have been approved by the boad of directors' on March 23, 2006.

38. Comparative figures

Comparative figures have been reclassified, where needed, to conform with the current year figures.