

The Hashemite Kingdom of Jordan

# National Electric Power Company



Annual Report

2017





**His Majesty  
King Abdullah II Bin Al-Hussein**

Chairman and Board Members of the  
National Electric Power Company are honoured  
to submit the 51<sup>th</sup> Annual Report of the Year  
2017 to His Majesty King Abdullah The Second  
Bin Al-Hussein





**H.R.H Crown Prince  
Hussein Bin Abdullah II**



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## Managing Director



**Eng. Abde Al-Fattah Al-Daradkeh**

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## Abbreviations

|                |   |
|----------------|---|
| CEGCO          | Central Electricity Generating Company.   |
| SEPGCO         | Samra Electric Power Generating Company.  |
| AES Jordan PSC | Amman East Power Plant (IPP1)             |
| QEPCO          | Qatrana Electric Power Company (IPP2)     |
| AAEPCO         | Amman Asia Electric Power Company. (IPP3) |
| AES LEVANT     | AES LEVANT Holding B.V Jordan (IPP4)      |
| EDCO           | Electricity Distribution Company.         |
| NEPCO          | National Electric Power Company.          |
| JEPCO          | Jordan Electric Power Company.            |
| IDECO          | Irbid District Electricity Company.       |
| QAIA           | Queen Alia International Airport          |
| SS             | Substation                                |
| GT             | Gas Turbine                               |
| OHL            | Overhead Line                             |
| JD             | Jordan Dinar                              |
| GNP            | Gross National Product                    |
| GDP            | Gross Domestic Product                    |
| T.O            | Tons of Oil                               |
| Kg.O.E         | Kilogram of Oil Equivalent                |
| T.T.O.E        | Thousand Tons of Oil Equivalent           |
| BTU            | British Thermal Unit                      |

## Measures

|     |                                    |
|-----|------------------------------------|
| kW  | Kilowatt (1000 Watt)               |
| MW  | Megawatt (1000 kW)                 |
| GW  | Gegawatt (1000 MW)                 |
| kV  | Kilovolt (1000 Volt)               |
| kVA | Kilovolt Ampere (1000 Volt Ampere) |
| MVA | Megavolt Ampere (1000 kVA)         |
| kWh | Kilowatt - hour (1000 wh)          |
| MWh | Megawatt - hour (1000 kWh)         |
| GWh | Gegawatt - hour (1000 MWh)         |

## A Message From Managing Director

The success and excellence are the title of the National Electric Power Company's path that extended to long years of continuous efforts through which the company determined many important achievements in fields of energy and electricity in Jordan, in light of the company's keenness to determine its duties and responsibilities and face the burdens imposed on it.



This situation required a permanent and continuous preparation to deal with all updates or developments, which the electricity sector in Jordan witnesses, by enhancing the availability and continuity of the national grid, increasing its capacity, securing sufficient generating capacity needed for facing the increasingly electricity demand in addition to providing the required fuel for all generating stations, these at the end will lead to providing all consumers with their needs of electrical energy at economical prices complying with the international standards and environment requirements.

The company has come a long and important way towards enhancing the contribution of renewable energy sources (solar energy and wind energy) in the mix of the total energy in Jordan. In this regard, the year 2017 witnessed the continuation of implementing the works of the projects included in the second round of the direct proposals for the renewable energy projects with a generating capacity of (200) MW, which included four projects for generating electrical energy by utilizing the technology of the solar energy with a capacity of (50) MW for each project, in addition to other four projects included in the third round with a capacity of (200) MW.

As for the wind energy projects, many agreements were signed within the first and third rounds of the direct proposals with a capacity of (518) MW. These achievements are indicators for the success of official policies and directives that aim to a diversification of energy sources and increasing the dependency on local energy sources especially the renewable energy in line with the recommendations emerging from the updated National Strategy for the energy sector which includes raising the contribution percentage of the renewable energy in the total mix of energy to be about (20%) by the year 2025.

The National Electric Power Company looks forward to enhancing these achievements and continuing the path of progress and building with a view to develop the elements of the electric power system in Jordan to promote its performance, in accordance with the latest equipment and techniques in force globally so as to achieve the company's vision and mission which aims to promote the company's performance level to become in the rank of the international levels and reach the ranks of the best electricity companies at the regional and international levels. This rank was achieved through adopting the best international standards for measuring the performance indicators such as efficiency, availability, electric losses percent of the national grid, number of interruptions, and average interruptions period in addition to other many indicators.

The company was able to determine advanced results at the level of technical performance indications where the electric transmission losses reached to (1.68%) for the year 2017, as well as the availability indicator of the national grid reached to (99.95%), and the number of interruptions indicator reached to (6) times compared with (12) times during the year 2016, while the average interruption period reached to (26) minutes/interruption compared with (31) minutes/interruption during the year 2016.

As for enhancing the capacity of the national grid, and increasing its availability to receive the electrical energy generated from the different generation projects specifically the renewable energy projects, the company continued to work on completing the implementation of the stages of the green corridor projects to transmit the electrical energy generated from these projects to the different load centres so as to maintain the stability and safety of the national grid, and increase the reliability and availability of the electric power system.

The company continued also to implement projects of constructing and expanding the main substations (400/132/33) Kv such as the airport south substation (2x500) MVA in addition to two Ma'an substations (the Green Corridor project) and Amman west substation with an added transforming capacity (2 x 400) MVA for each project.

The company continued also to work on expanding the substations (132/33) kV where as the expansion was completed for substations of Qatrana, airport (the green corridor project), Tafila and Mafrq wind substations, as well as the construction of new substations (132/33) kV was completed such as solar Queira substations, Tafila and Zarqa substations (ACWA) in addition to other under construction projects which are expected to be completed during the years 2018, 2019. Consequently, the growth percentage in the capacity of the main substations in the kingdom reached to about (1.8%) in the year 2017, whereas the growth percentage of the national grid transmission lines 132 kV and 400 kV reached to about (1.3%), (16.2%) respectively.

Based on the integrated system of the company's work and specifically the company's responsibility for operating and maintaining the electric power system, the company has prepared and implemented all operational procedures in addition to routine and annual preventive maintenance programs for all the components of the national grid for the sake of maintaining the continuity of supplying electrical energy efficiently and highly professional pursuant to the international technical specifications and performance indicators of the best electricity companies at the regional and international levels.

As for the import of the liquefied gas across Aqaba port (Al-Sheikh Sabah port), the company issued during the year 2017 a tender for importing about (125) billion cubic meters to fulfil Jordan needs from the natural gas for the year 2018, noting that (53) shipments of liquefied gas were received during the year 2017.

The contribution percentage of the natural gas in the total energy generated in Jordan reached to (87.5%) for the year 2017 compared with (86.8%) for the year 2016.

The company has also renewed the contract with the Egyptian Electricity Transmission Company to cover the needs of the Kingdom of electrical energy within the available exchange limits between the Jordanian and Egyptian networks, where the amount of electrical energy imported from the Egyptian side during the year (2017) reached to about (51) Gwh.

The company is currently seeking to promote the Arab and regional electrical interconnection, in this context two memorandums of understanding were signed with the Gulf Electrical Interconnection Commission and the Saudi National Electricity Transmission Company.

With full awareness of the importance and necessity of establishing the concept of the quality, public safety and environment in the company's various work fields, the company made its efforts to secure all necessary requirements and the required support for developing the performance to comply with the latest quality international standards. The company has been able to obtain a certificate of environment management system (ISO 14001), and a certificate of safety and professional carrier (OHSAS 18001).

After working hard and concerted efforts by all the company's management levels in order to reach the highest international standards in line with the strategic objectives and aspirations of the company, we are very sure that strengthening the company's position and promoting the performance level, necessitated for facing the rapid development which the electricity sector in Jordan witnesses, requires the qualifications and preparation of human cadres of the company in accordance with the highest efficiency and professional levels through adopting important training courses and programs for upgrading the skills and experience of the company's staff. This in turn will enable the company to carry out its duties and responsibilities to the fullest case, and to take firm steps towards success and excellence in performance.

Before I conclude, I would like to express my thanks and gratitude to His Excellency the Chairman and Members of the Board of Directors for their sincere efforts and their valuable role in supporting and enhancing NEPCO's achievements.

I would like to thank also all our colleagues, brothers and sisters, each in their respective positions on their excellent work and continuous efforts for the benefit of the company.

We request from Allah Almighty to help us bear responsibility and accomplish the company's noble mission and ambitious vision to serve our country and citizens under His Majesty King Abdullah the Second Bin Al-Hussein (May Allah protect him)

**Eng. Abde Al-Fattah Al-Daradkeh**



**Managing Director**

# National Electric Power Company

## A SHORT BRIEF

The National Electric Power Company (NEPCO) was established in the 1st of September 1996 in accordance with the General Electricity Law number (10) for the year 1996.

In compliance with this Law, the Jordan Electricity Authority which was established in accordance with the Law number (21) for the year 1967, was transferred to a Public Shareholding Company named as the National Electric Power Shareholding Company which is considered as the actual public legal successor for Jordan Electricity Authority, where all its shares are completely owned by the Jordanian Government.

In 1999, the modified Electricity Law number (13) of the year 1999 has been issued.

In compliance with this modified Law, the National Electric Power Company (the mother) has been divided into three electric companies of administrative and financial independence as from the beginning of the year 1999. These companies are: National Electric Power Company (NEPCO), Central Electricity Generation Company (CEGCO) and Electricity Distribution Company (EDCO).

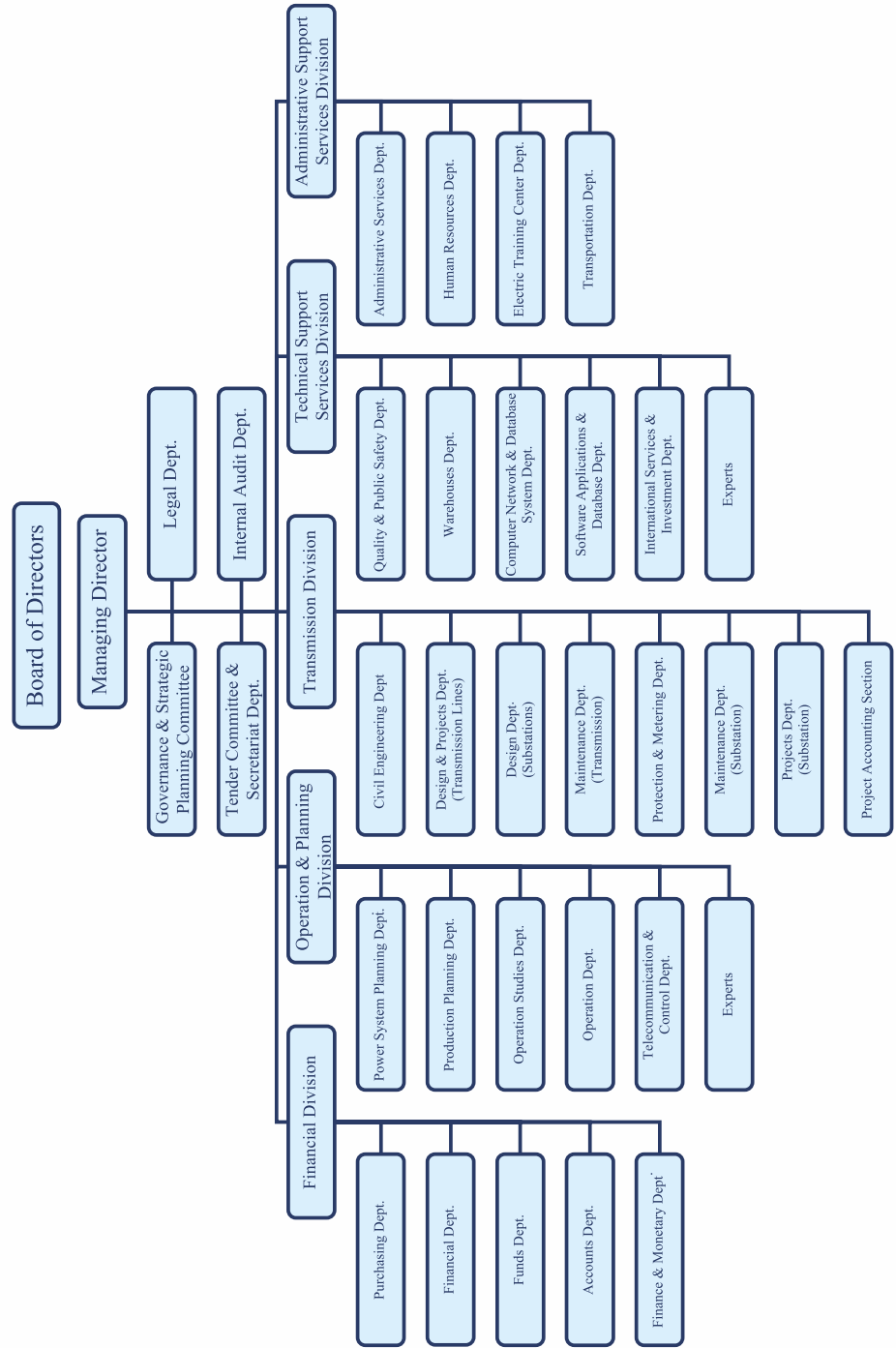
## Vision

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 neighbouring countries; a 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.

# Organization Frame



## Energy and Electricity in the Year 2017 (Reality and Achievements)

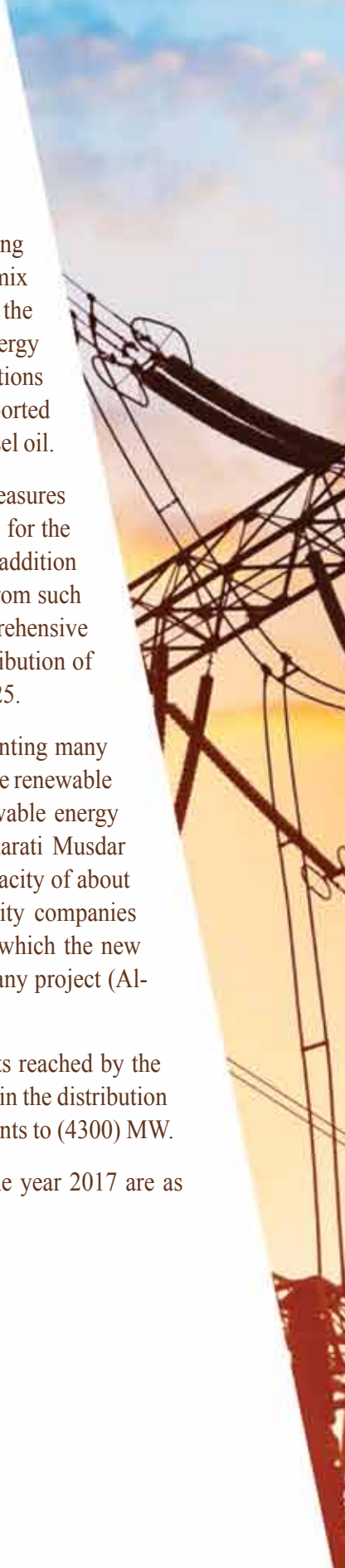
The renewable energy sector in Jordan acquired significant progress during the year 2017, boosting the contribution of renewable energy sources (Wind energy and Solar energy) in the total energy mix in line with the new policies emanating from the long-term comprehensive national strategy of the energy sector for the years (2016 – 2025) which is represented by expanding the renewable energy projects as a local source for sustainable alternative energy and as one of the most important solutions for reducing the dependency of electricity generation in Jordan on the primary energy sources imported abroad at high prices such as natural gas and other petroleum products such as heavy fuel and diesel oil.

This notable evolution in the field of utilizing renewable energy sources is a reflection of the measures taken by the government in this context to issue a permanent law for renewable energy No. (13) for the year 2012 and to provide investment incentives for the infrastructure works of these projects, in addition to that the electricity companies are committed to purchase all the electrical energy generated from such projects. This aims to accelerate growth in this sector in line with the objectives of the comprehensive national strategy for the energy sector in Jordan, which calls for raising the percentage of contribution of the renewable energy sources in the total energy mix in Jordan to be about (20%) in the year 2025.

In line with these trends, the National Electric Power Company continued to work on implementing many renewable energy projects included within the second and third rounds of the direct proposals of the renewable energy projects, in addition to work on signing many future agreements concerned with renewable energy projects in all different regions of the kingdom, of which the agreement signed with the Emarati Musdar Company (Baynona project) which aims to develop a solar energy project with a generating capacity of about (200) MW, as well as renewable energy projects which will be implemented by the electricity companies operating in the kingdom in the sites of the power station owned by these companies, out of which the new Risha solar power plant project owned by ACWA company, and East Amman generating company project (Al-Manakher).

It is worth mentioning that the completed generating capacity for the renewable energy projects reached by the end of the year 2017 to (600) MW, out of which (200) MW as solar energy projects included within the distribution network forming (14%) of the total generating capacity in the electric power system which amounts to (4300) MW.

The major achievements of the renewable energy projects and other energy projects during the year 2017 are as follows:



## Renewable Energy Projects:

### Renewable Energy Projects (2015-2018)

|                       | Project name  | Capacity (MW)          | Operation Date      |                     |
|-----------------------|---|------------------------|---------------------|---------------------|
| Wind Energy Projects  | Jordan wind project / Tafila  | 117                    | Sep /2015           |                     |
|                       | Al-Hussein wind project / Ma'an   | 88                     | First Quarter/ 2016 |                     |
| Solar Energy Projects | First round of the direct offers, (12) PV projects.   | 200                    | First Quarter/ 2016 |                     |
|                       | Second round of the direct offers, (4) PV projects:<br>- Mafraq development projects (150) MW<br>- Al Safawi project (50) MW. | 200                    | Mid /2018           |                     |
|                       | Quwireh PV Project  | 103                    | First Quarter/2018  |                     |
|                       | Large Industries  | Al-Rashadih Cement Co. | 17                  | Third Quarter/ 2017 |
|                       |   | Al-Potash Co.          | 33                  | First Quarter/ 2018 |
|                       | Small Solar Systems (< 5 MW)  | Net Metering Projects  | 154                 | --                  |
| Welling Projects      |   | 49                     | --                  |                     |

### Future Renewable Energy Projects (2019 – 2021)

|                       | Project name  | Capacity (MW)         | Operation Date |
|-----------------------|---|-----------------------|----------------|
| Wind Energy Projects  | - First round of the direct offers, (6) PV projects:<br>- Al-Rajaf project (82) MW<br>- Shobak project (45) MW<br>- Al-Fajeej project (89) MW<br>- Mas project (100) MW<br>- Daihan Project (51) MW<br>- El-Abour Project (51) MW | 418                   | 2019-2020      |
|                       | Third round of the direct offers  | 100                   | 2020/2021      |
|                       | Baynouna Project  | 200                   | Mid /2019      |
| Solar Energy Projects | Third round of the direct offers, (4) PV projects   | 200                   | End /2020      |
|                       | Al-Risha PV Project   | 50                    | Mid /2019      |
|                       | East Amman Project  | 40                    | 2019           |
|                       | Al-Qatranna PV Project  | 30                    | --             |
|                       | philadelphia PV Project   | 50                    | Mid /2020      |
|                       | Universities Projects   | 40                    |                |
|                       | Welling Projects / NEPCO,s Transmission Lines   | 393                   |                |
|                       | Small Solar Systems (< 5 MW)  | Net Metering Projects | 116            |
| Welling Projects      |   | 128                   | --             |

## Other Energy Projects:

- The National Electric Power Company and the Saudi ACWA Power company have signed an agreement of constructing the new Risha solar energy plant in the Risha region sited in the east of the kingdom with a capacity of about (50) MW. It is expected to complete this project by the mid of the year 2019.
- Work commenced on implementing the electricity generation project by using the oil shale in Atarat Um Al-Ghodran located in the central area of the kingdom. This project includes constructing two generating units of capacity of about (235) MW for each by using the technology of direct burning of oil shale. The first unit will be operated by mid of the year 2020 while the second unit is expected to be operated by the end of 2020. The official figures estimate the Kingdom's reserve from the oil shale ore to be about (70) milliard ton.
- The National Electric Power Company and East Amman generation company (Al-Mankher) have signed an energy purchase agreement from solar energy plant project with a capacity of (40) MW located at Amman East. This project will work alongside the first private generation project (IPP1) owned by the East Amman Generation Company. It is expected to complete this project by mid of the year 2019.
- Follow up work on the implementation of Arab Oil line project between Jordan and Iraq. This project includes constructing a pipeline for the sake of exporting the Iraqi crude oil from Aqaba port across the Jordanian lands with an exporting capacity of about one million barrels daily, in addition to extending a branch line to the refinery for supplying all its needs of crude oil starting from the year 2022.
- The Ministry of Energy and Mineral Resources (MEMR) has begun to attract direct proposals of electrical energy storage projects on the electrical national grid in Ma'an development region, adjacent to solar energy projects included in the first round of direct offers. The storage capacity is (30) MW for a period of two hours (i.e. 60 MWh) This project aims to support the stability of the national grid specifically after the start up phase of integrating considerable capacities of renewable energy projects. This project is the first of its kind in this region and serves as the first phase of a major electrical energy storage project to be implemented later.
- Work continues on constructing the new Zarqa power station located at Hussein thermal power station site. This project includes constructing a new power station of generating capacity of about (485) MW. This station is owned by (ACWA Power) company. It will be operated on natural gas as a main fuel and diesel oil as a secondary fuel. It is expected to complete this project during the year 2018.
- Work continues on constructing a power station by utilizing coal with a capacity of about (30) MW. This project is considered as the first of its kind in the kingdom as well as an important step towards diversifying energy sources, in addition to securing new investment opportunities in the energy sector in line with the policies of the renewed national strategy for energy sector which considers coal as one of the alternatives of primary energy sources used in electricity generation where the national strategy indicated that the coal contribution percentage in the total energy mix to be about (5%) in the year 2025. It is expected to complete this project by mid of the year 2019.

- 
- Prequalification of the companies interested in implementing an electricity generation project using the solid waste in (ALCAYDER) landfill located in north of the kingdom with a capacity of (30) MW by utilizing the technology of direct burning of untreated solid wastes, taking into consideration the importance of adhering to the environmental standards and requirements for such type of projects.
  - The Al-Sheikh Sabah port at Aqaba city has received during the year 2017 (53) shipments of the liquefied natural gas, out of which (42) shipments were imported by NEPCO, while (11) shipments were imported from the Egyptian Company (E-Gas). The port project of the liquefied natural gas is considered one of the most important energy projects because it has become an essential source for supplying natural gas mainly for electricity generation in the kingdom as of mid of the year 2015. The port of the liquefied gas (Al-Sheikh Sabah Port) depends on importing the liquefied gas through tankers, and afterwards the gas will be converted from liquid to gaseous state and thereafter, the gas will be pumped through the Arab gas pipeline to all generating stations in various regions of the kingdom. The amount of gas imported has reached (136,652,980) million British thermal unit during the year 2017 compared with (131,065,360) million British thermal unit during the year 2016 with a growth rate of (4.3%).
  - Signing a memorandum of understanding for implementing the Jordanian Saudi electrical interconnection project in the framework of enhancing cooperation and mutual benefit between the two countries by facing the fluctuations of electric loads, relying more on renewable energy and optimizing the use of this energy in the electric power system.
  - Implementing the project of the fourth stage of Al-Samra power station expansion by adding a steam unit of (70) MW capacity. This project comes as a continuation of the three previous stages to increase the generating capacity owned by Al-Samra Company as it is considered the largest company among the electricity companies in the kingdom, where the generated electrical energy reached to (7643.2) GWh in the year 2017 with a contribution percentage of (36.8%) of the total energy generated in the kingdom.
  - Work continues on implementing the Green corridor project which includes the construction of a new substation in Ma'an (400/132) kV, and the expansion of the Qatrana and the airport substations (132/33) kV in addition to constructing the necessary transmission lines for connecting these substations. This project aims at absorbing the new electrical loads generated from sources of renewable energy in the south of the kingdom through the transmission of electrical power ranging from (800 – 1000) MW from the south of the kingdom to the load centres in different regions of the kingdom. It is expected to complete this project by end of the year 2018.

## Statistical Figures for Electricity Sector in Jordan

**Table (1): Significant Figures for Electricity Sector in Jordan**

|   |                    | 2016  | 2017  | (%)    |
|---|--------------------|-------|-------|--------|
| Peak Load (MW)                            | Summer             | 3165  | 3320  | 4.9    |
|   | Winter             | 3250  | 3220  | (0.9)  |
| Available Capacity (MW)                   | Electricity sector | 4269  | 4300  | 0.7    |
|   | Jordan             | 4465  | 4529  | 1.4    |
| Generated Energy (GWh)                    |                    | 19661 | 20760 | 5.6    |
| Consumed Energy (GWh)                     |                    | 16700 | 17504 | 4.8    |
| Exported Energy ( GWh)                    |                    | 45    | 57    | 26.7   |
| Imported Energy (GWh)                     |                    | 334   | 51    | (84.7) |
| Loss Percentage (%)*                      |                    | 13.77 | 13.10 | (1.8)  |
| Average(KWh) Consumed Per Capita          |                    | 1712  | 1741  | 1.7    |
| Electricity Fuel Consumption (T.T.O.E)    |                    | 3901  | 3989  | 2.3    |
| No. of Consumers (Thousands)              |                    | 2061  | 2158  | 4.7    |
| No. Of Employees in Electricity Companies |                    | 8141  | 8150  | 0.1    |

Does not include power station internal consumption

**Table (2): Performance Indicators for Electricity Sector in Jordan**

|  | 2016  | 2017  | (%)  |
|--|-------|-------|------|
| <b>1.Manpower Indicators (Electricity Companies)</b> |       |       |      |
| Annual Productivity (MWh Generated / Employee)       | 2387  | 3467  | 45.2 |
| Installed Capacity (MW / Employee)                   | 0.52  | 0.53  | 1.9  |
| No. of consumers per Employee                        | 253   | 265   | 4.7  |
| <b>2. Financial Indicators</b>                       |       |       |      |
| Cost of kWh Sold (Fils/KWh)*                         |       |       |      |
| Total  | 73.55 | 80.95 | 10.1 |
| Fuel   | 37.55 | 47.27 | 25.9 |
| Average price of Fuel Oil (3.5%) JD/Ton              | 233.0 | 330.7 | 41.9 |
| Average price of Fuel Oil (1.0%) JD/Ton              | 278.7 | 346.2 | 24.2 |
| <b>3. Technical Indicators</b>                       |       |       |      |
| Thermal Efficiency of Generating plants (%)          | 41.9  | 41.1  | --   |
| Availability of Generating Plants (%)                | 95.88 | 96.42 | --   |
| Availability of Transmission Lines (%)               | 99.91 | 99.95 | --   |

\* Final energy sold + Preliminary /2017

## Primary Energy and Fuel Consumption

**Table (3): The Demand for Primary Energy in Jordan**

| Year  | Total Primary Energy Demand (T.T.O.E)** | Growth Rate (%) | Primary Energy per Capita (kgoe) |
|-------|---|-----------------|----------------------------------|
| 2012  | 8206                                    | 10.0            | 1104.9                           |
| 2013  | 8157                                    | (0.6)           | 1005.3                           |
| 2014  | 8461                                    | 3.7             | 961.0                            |
| 2015  | 8927                                    | 5.5             | 933.9                            |
| 2016  | 9615                                    | 7.7             | 981.1                            |
| 2017* | 10009                                   | 4.1             | 991.0                            |

\* Preliminary

\*\* includes estimated fuel for electricity generation from renewable sources

**Table (4) The Cost of Consumed Energy Relative to The National Economy**

| Year    | Cost of Primary Energy (million JD) | Relative to  |             |         |
|---------|-------------------------------------|--------------|-------------|---------|
|         |                                     | Exports* (%) | Imports (%) | GDP (%) |
| 2012    | 4640                                | 92.7         | 31.5        | 21.1    |
| 2013    | 4074                                | 80.7         | 26.0        | 17.1    |
| 2014    | 4480                                | 83.0         | 27.5        | 17.6    |
| 2015    | 2532                                | 50.4         | 17.4        | 9.5     |
| 2016    | 1924                                | 41.1         | 14.0        | 7.0     |
| 2017 ** | 2429                                | 51.4         | 16.8        | 8.5     |

\* Exports + (30%) Re-Export      \*\* Preliminary

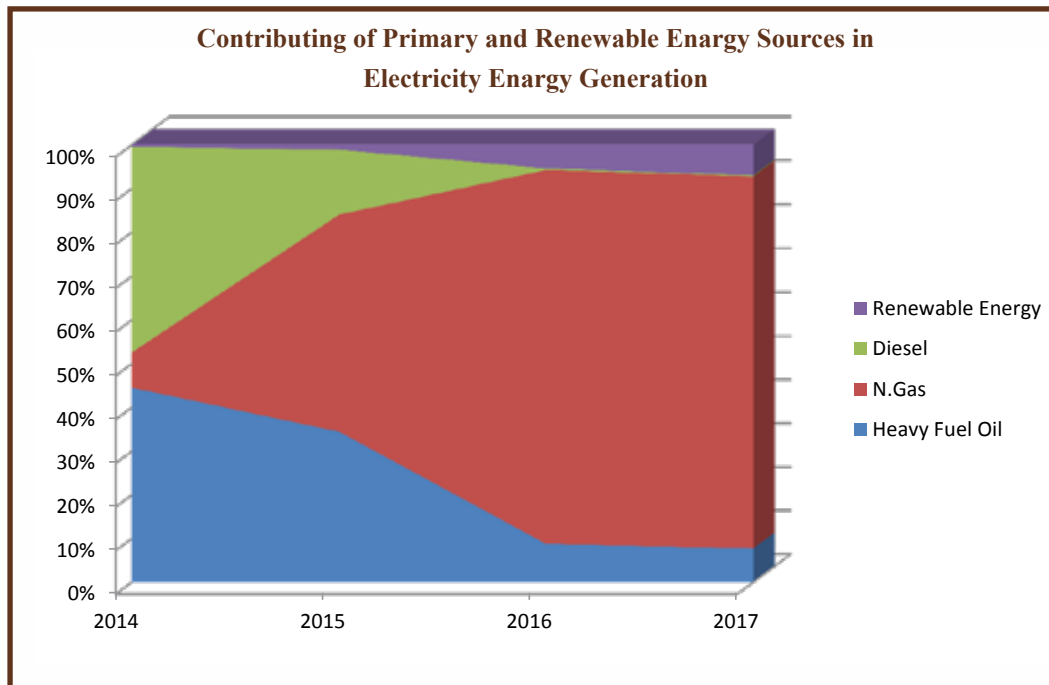
**Table (5): Fuel Consumption for Electricity Generation (T.T.O.E)**

|  | 2014 | 2015   | 2016   | 2017    | (%)    |
|--|------|--------|--------|---------|--------|
| <b>1. Electricity Sector</b>                               | 3726 | 3833.0 | 3735.3 | 3804.4  | 1.8    |
| CEGCO  | 1808 | 1453.3 | 983.4  | 982.9   | (0.1)  |
| SEPGCO   | 875  | 1080.5 | 1417.4 | 1508.8  | 6.4    |
| AES Jordan PSC (IPP1)                                      | 366  | 358.1  | 615.8  | 509.4   | (17.3) |
| QEPCO (IPP2)   | 310  | 451.2  | 567.2  | 595.0   | 4.9    |
| AAEPCO (IPP3)  | 225  | 276.7  | 54.1   | 61.4    | 13.5   |
| AES Levant Holding (IPP4)                                  | 142  | 213.2  | 97.4   | 146.9   | 50.8   |
| <b>2. Industrial Companies with Self Generation*</b>       | 130  | 159.3  | 165.7  | 184.9   | 11.6   |
| <b>Total</b>   | 3856 | 3992.3 | 3901.0 | 3989.3  | 2.3    |
| <b>All Jordan Fuel Consumption</b>                         | 8461 | 8926.8 | 9614.8 | 10008.7 | 4.1    |
| Electricity Fuel Consumption to Total Fuel Consumption (%) | 45.6 | 44.7   | 40.6   | 39.9    | --     |

\* Includes Estimated Values

**Table (6): Electricity Fuel Consumption by Type of Fuel (T.T.O.E)**

|                              | 2014   | 2015   | 2016   | 2017   | (%)    |
|------------------------------|--------|--------|--------|--------|--------|
| <b>1. Electricity Sector</b> | 3726.1 | 3833.0 | 3735.3 | 3804.4 | 1.8    |
| Heavy Fuel                   | 1665.6 | 1334.2 | 344.6  | 454.1  | 31.8   |
| Natural Gas                  | 301.9  | 1923.7 | 3377.1 | 3340.9 | (1.1)  |
| Diesel                       | 1758.6 | 575.1  | 13.6   | 9.4    | (30.9) |
| <b>2. Industrial Sector</b>  | 129.6  | 159.3  | 165.7  | 184.9  | 11.6   |
| Heavy Fuel                   | 129.3  | 159.0  | 137.6  | 126.8  | (7.8)  |
| Diesel                       | 0.3    | 0.3    | 28.1   | 58.1   | 106.8  |
| <b>Total</b>                 | 3855.7 | 3992.3 | 3901.0 | 3989.3 | 2.3    |



## Electrical Energy Generated and Generation Capacity

The total generated and imported electrical energy in the Kingdom amounted to (20811) GWh in 2017 compared with (19994) GWh in 2016 representing an annual growth of (4.1%), whereas the total production of electrical energy in the kingdom was (20760) GWh, with a growth rate of (5.6%), while the imported electrical energy amounted to (51.3) GWh in 2017 against (333.8) GWh in 2016 with a negative growth rate of (84.6%).

The Central Electricity Generating Company (CEGCO) contributed in 2017 by (20.9%) of the total electrical energy production in the kingdom, while Al-Samra Electric Power Generation Company (SEPGCO) contributed by (36.8%), Amman - East Generation Company in (Al-Manakher) area contributed by (12.6%), Qatrana Generation Company contributed by (14.6%), Amman Asia and AES Levant Generation Companies contributed by (1.4%), (3.7%) respectively, while the renewable energy and corporations contributed by (6.6%), (3.4%) of the total production respectively.

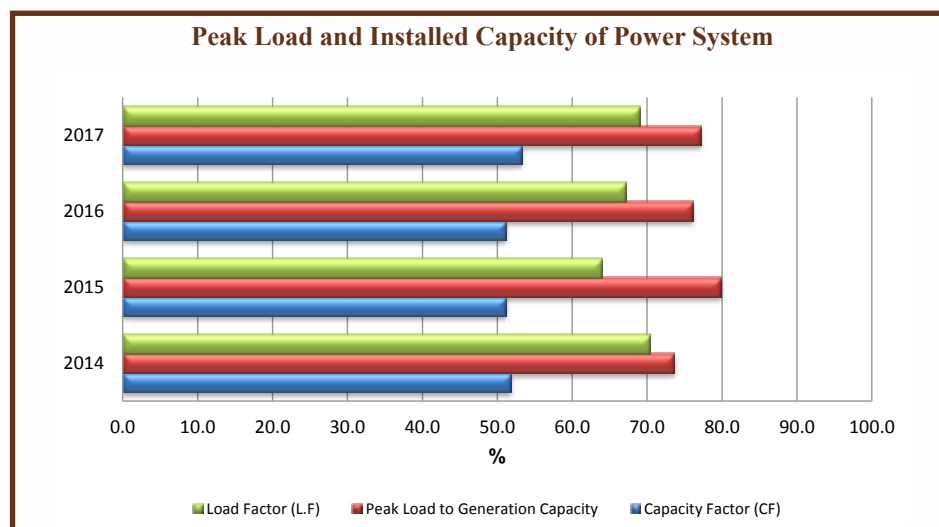
The total generation capacity of the Jordanian Power System amounted to (4300) MW in 2017 compared with (4269) MW in 2016 with a growth rate of (0.74%).

**Table (7): Available Capacity of Generating Plants (MW)**

| Year | Steam | Gas Turbines |        | Combined Cycle | Diesel* | Wind  | Hydro | Biogas | Solar** | Total Power System | Industrial Sector | Total All Jordan |
|------|-------|--------------|--------|----------------|---------|-------|-------|--------|---------|--------------------|-------------------|------------------|
|      |       | Diesel       | N. Gas |                |         |       |       |        |         |                    |                   |                  |
| 2014 | 787   | 27           | 618    | 1614           | 814     | 1.44  | 12    | 3.5    | --      | 3876.9             | 188.3             | 4065.2           |
| 2015 | 787   | 27           | 332    | 2044           | 814     | 118.4 | 12    | 3.5    | 5       | 4142.9             | 194.3             | 4337.2           |
| 2016 | 605   | --           | 307    | 2044           | 814     | 198.4 | 12    | 3.5    | 285.5   | 4269.4             | 195.1             | 4464.5           |
| 2017 | 605   | --           | 228    | 2044           | 814     | 198.4 | 12    | 3.5    | 395.5   | 4300.4             | 228.1             | 4528.5           |

\*Working on (N.Gas + Diesel + Fuel Oil)

\*\* Include (200) MW, on distribution network/2017



**Table (8): Electrical Energy Generated and Imported in Jordan (GWh)**

|                              | 2014                   | 2015    | 2016    | 2017    | (%)    |       |
|------------------------------|------------------------|---------|---------|---------|--------|-------|
| <b>1. Electricity Sector</b> | 17883.5                | 18536.9 | 19101.9 | 20053.6 | 5.0    |       |
| CEGCO                        | 7964                   | 6382.6  | 4260.4  | 4332.3  | 1.7    |       |
| SEPGCO                       | 4521                   | 5386.9  | 7194.4  | 7643.2  | 6.2    |       |
| AES Jordan PSC (IPP1)        | 1988                   | 1825.9  | 3163.0  | 2626.2  | (17.0) |       |
| QEPCO (IPP2)                 | 1520                   | 2274.3  | 2880.6  | 3033.2  | 5.3    |       |
| AAEPCO (IPP3)                | 1140                   | 1401.3  | 262.8   | 288.1   | 9.6    |       |
| AES Levant (IPP4)            | 730                    | 1122.4  | 509.0   | 767.2   | 50.7   |       |
| Wind Energy                  | --                     | 121.0   | 387.5   | 447.6   | 15.5   |       |
| Solar Energy                 | Transmission Network*  | --      | 1.6     | 267.5   | 591.3  | 121.0 |
|                              | Distribution Network** | --      | --      | 153.9   | 303.4  | 97.1  |
| King Talal Dam               | 17                     | 16.9    | 18.7    | 17.0    | (9.1)  |       |
| Jordan Biogas Company        | 3.5                    | 4.0     | 4.1     | 4.1     | 0.0    |       |
| <b>2. Industrial Sector</b>  | 383                    | 472.2   | 558.6   | 706.1   | 26.4   |       |
| Potash Co.                   | 101                    | 109.3   | 222.0   | 354.1   | 59.5   |       |
| Indo-Jordan Chemicals Co.    | 71                     | 68.6    | 46.3    | 76.2    | 64.6   |       |
| Refinery                     | 66                     | 65.2    | 84.1    | 79.3    | (5.7)  |       |
| Fertilizer Co.               | 97                     | 80.2    | 51.2    | 45.3    | (11.5) |       |
| Qatrana Cement Co.***        | 48                     | 148.9   | 155.0   | 151.2   | (2.5)  |       |
| <b>3. Imported Energy</b>    | 435                    | 603.8   | 333.8   | 51.3    | (84.6) |       |
| Imported Energy from Egypt   | 435                    | 603.8   | 333.8   | 51.3    | (84.6) |       |
| <b>Total</b>                 | 18701.5                | 19612.9 | 19994.3 | 20811.0 | 4.1    |       |

\* Capacity Factor (22%) / 2017

\*\*Calculate (CF=17%)

\*\*\* Estimated (2016-2017)

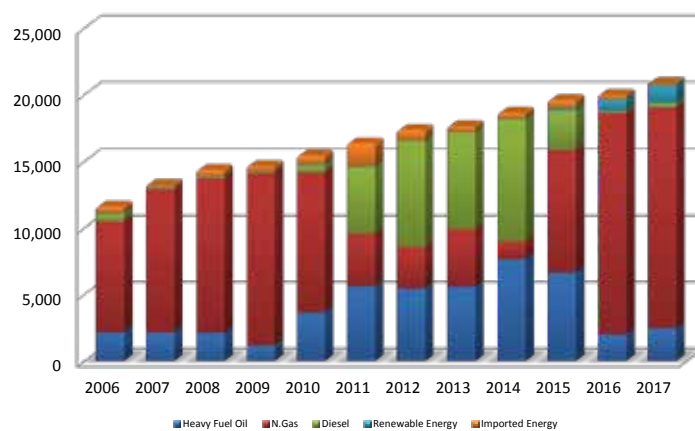
**Table (9): Electrical Energy Production by type of Generation in Jordan (GWh)**

|                              | 2014                 | 2015    | 2016    | 2017    | (%)    |        |
|------------------------------|----------------------|---------|---------|---------|--------|--------|
| <b>1. Electricity Sector</b> | 17883.1              | 18537.0 | 19101.9 | 20053.6 | 5.0    |        |
| Steam Units                  | 5490.8               | 4031.0  | 2033.6  | 1963.4  | (3.5)  |        |
| Gas Turbines / Diesel        | 502.8                | 84.0    | 1.0     | 18.8    | 1780.0 |        |
| Gas Turbines / Natural Gas   | 320                  | 364.3   | 329.5   | 340.6   | 3.4    |        |
| Diesel Engines               | HFO                  | 1865.8  | 2424.0  | 94.5    | 19.9   | (78.9) |
|                              | Natural Gas          | --      | 94.8    | 648.7   | 1022.7 | 57.7   |
|                              | Diesel               | 15.6    | 4.8     | 28.6    | 12.7   | (55.6) |
| Hydro Units                  | 58.2                 | 52.5    | 41.6    | 38.0    | (8.7)  |        |
| Wind Energy                  | 2.4                  | 123.1   | 390.7   | 449.2   | 15.0   |        |
| Biogas                       | 3.5                  | 4.1     | 4.1     | 4.1     | 0.0    |        |
| Combined Cycle               | 9624                 | 11352.8 | 15108.2 | 15289.5 | 1.2    |        |
| Solar Energy                 | Transmission Network | --      | 1.6     | 267.5   | 591.3  | 121.0  |
|                              | Distribution Network | --      | --      | 153.9   | 303.4  | 97.1   |
| <b>2. Industrial Sector</b>  | 383                  | 472.3   | 558.7   | 706.1   | 26.4   |        |
| Steam Units                  | 382                  | 471.5   | 489.4   | 485.9   | (0.7)  |        |
| Diesel Engines / Diesel      | 1                    | 0.8     | 69.3    | 220.2   | 217.7  |        |
| <b>Total</b>                 | 18266.1              | 19009.3 | 19660.6 | 20759.7 | 5.6    |        |

**Table (10): Electrical Energy Production by Type of Fuel in Jordan (GWh)**

|                       |                      | Heavy Fuel Oil | N. Gas  | Diesel | Renewable Energy | Total   |
|-----------------------|----------------------|----------------|---------|--------|------------------|---------|
| CEGCO                 |                      | 1963.4         | 2346.3  | 0.02   | 22.6             | 4332.3  |
| SEPGCO                |                      | --             | 7624.4  | 18.8   | --               | 7643.2  |
| AES Jordan PSC (IPP1) |                      | --             | 2625.6  | 0.6    | --               | 2626.2  |
| QEPCO (IPP2)          |                      | --             | 2980.0  | 53.2   | --               | 3033.2  |
| AAEPCO (IPP3)         |                      | 10.7           | 269.4   | 8.0    | --               | 288.1   |
| AES Levant (IPP4)     |                      | 9.2            | 753.3   | 4.7    | --               | 767.2   |
| Wind Energy           |                      | --             | --      | --     | 447.6            | 447.6   |
| Solar Energy          | Transmission Network | --             | --      | --     | 591.3            | 591.3   |
|                       | Distribution Network | --             | --      | --     | 303.4            | 303.4   |
| Industrial Sector     |                      | 485.9          |         | 220.2  | --               | 706.1   |
| King Talal Dam        |                      | --             | --      | --     | 17.0             | 17.0    |
| Jordan Biogas Company |                      | --             | --      | --     | 4.1              | 4.1     |
| <b>Total 2017</b>     |                      | 2469.2         | 16599.0 | 305.5  | 1386.0           | 20759.7 |
| 2016                  |                      | 2000.9         | 16639.0 | 162.9  | 857.8            | 19660.6 |
| 2015                  |                      | 6643.7         | 9210.9  | 2973.5 | 181.2            | 19009.3 |
| 2014                  |                      | 7737.7         | 1296.3  | 9168.0 | 64.1             | 18266.1 |
| 2013                  |                      | 5595.6         | 4339.4  | 7263.2 | 61.5             | 17258.9 |
| 2012                  |                      | 5490.9         | 3083.4  | 7951.7 | 67.0             | 16593   |
| 2011                  |                      | 5637.8         | 3958.8  | 4984.3 | 61.7             | 14642.6 |
| 2010                  |                      | 3653.5         | 10517.5 | 533.0  | 72.8             | 14776.8 |

**Electrical Energy Production by Type of Fuel in Jordan (GWh)**



## Demand for Electricity

The consumed electrical energy in the kingdom amounted (17503.8) GWh in 2017 compared with (16700.2) GWh in 2016, with an annual growth rate of (4.8%). The average consumption of electrical energy per capita amounted to (1741) kWh in 2017 against (1712) kWh in 2016 which represents a growth rate of (1.7%).

**Table (11): Electrical Energy Consumption in Jordan (GWh)**

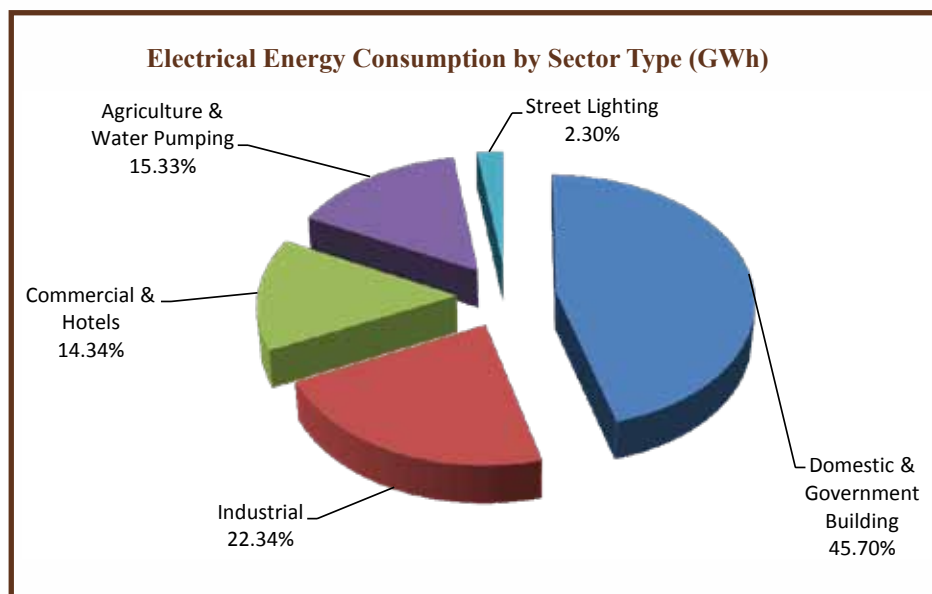
|   | 2014    | 2015    | 2016    | 2017    | (%)    |
|---|---------|---------|---------|---------|--------|
| <b>1. EDCO's Areas</b>                                  | 2777.0  | 2924.0  | 3052.0  | 3139.0  | 2.9    |
| <b>2. JEPCO's Areas</b>                                 | 8759.1  | 9209.5  | 9446.9  | 9921.8  | 5.0    |
| <b>3. IDECO's Areas</b>                                 | 2520.7  | 2722.6  | 2885.9  | 3051.1  | 5.7    |
| <b>4. Industrial Companies</b>                          | 1294.6  | 1252.4  | 1164.1  | 1164.7  | 0.1    |
| Refinery  | 98.4    | 104.7   | 105.3   | 101.3   | (3.8)  |
| Jordan Cement Company / Al-Fuheis plant                 | 23.6    | 17.1    | 8.7     | 2.1     | (75.9) |
| Jordan Cement Co. / Al-Rashadieh plant                  | 125.1   | 108.8   | 98.6    | 95.2    | (3.4)  |
| Al-Hadeetha Cement Company                              | 111.3   | 100.7   | 100.0   | 133.4   | 33.4   |
| Al-Rajhi Cement Company                                 | 138.5   | 118.1   | 144.1   | 112.3   | (22.1) |
| Qatrana Cement Company*                                 | 133.4   | 148.4   | 149.4   | 144.5   | (3.3)  |
| EL-Hasa Phosphate                                       | 39.6    | 46.4    | 39.4    | 32.6    | (17.3) |
| Sheidiyah Phosphate                                     | 42.9    | 51.5    | 33.3    | 46.8    | 40.5   |
| Potash Company  | 378.6   | 390.4   | 331.1   | 360.6   | 8.9    |
| Fertilizer Company**                                    | 90.2    | 74.6    | 47.6    | 42.1    | (11.6) |
| Indo-Jordan Chemicals Company                           | 46.3    | 41.2    | 26.1    | 43.0    | 64.8   |
| Indo-Jordan Fertilizer Company                          | 60.5    | 37.2    | 61.3    | 32.1    | (47.6) |
| AAEPCO (IPP3)   | 5.0     | 10.2    | 13.7    | 12.2    | (10.9) |
| AES Levant (IPP4)                                       | 1.2     | 2.7     | 3.5     | 3.1     | (11.4) |
| Wind Power Companies                                    | --      | 0.4     | 0.5     | 0.6     | 20.0   |
| Solar Power Companies                                   | --      | 0.002   | 1.5     | 2.8     | 86.7   |
| <b>5. Solar Power / Distribution Companies Areas***</b> | --      | --      | 77.0    | 151.7   | 97.0   |
| <b>6. Queen Alia Airport</b>                            | 66.8    | 68.2    | 73.4    | 74.6    | 1.6    |
| <b>7. Haraneh B.Station</b>                             | 0.8     | 0.7     | 0.7     | 0.4     | (42.9) |
| <b>8. Others</b>  | 0.2     | 0.2     | 0.2     | 0.5     | 150.0  |
| <b>Total Consumption</b>                                | 15419.2 | 16177.6 | 16700.2 | 17503.8 | 4.8    |

\* Estimated (2016-2017) \*\*EDCO's sales to Fertilizer are not included to avoid duplication \*\*\* Estimated (50%) of Generation

**Table (12): Electrical Energy Consumption by Sector Type (GWh)**

|  | Domestic & Government Buildings* | Industrial | Commercial & Hotels | Agriculture & Water Pumping | Street Lighting | Total   |
|--|----------------------------------|------------|---------------------|-----------------------------|-----------------|---------|
| EDCO                                       | 937                              | 365        | 342                 | 1406                        | 89              | 3139    |
| JEPSCO                                     | 5298.2                           | 2073.7     | 1746.2              | 625.1                       | 178.6           | 9921.8  |
| IDECO                                      | 1673.3                           | 294.2      | 297.6               | 651.3                       | 134.7           | 3051.1  |
| Industrial Companies                       | --                               | 1164.7     | --                  | --                          | --              | 1164.7  |
| Other Companies                            | --                               | --         | 75.5                | --                          | --              | 75.5    |
| Solar Power Systems/Distribution Network** | 90.3                             | 12.1       | 48.5                | 0.8                         | --              | 151.7   |
| <b>Total 2017</b>                          | 7998.8                           | 3909.7     | 2509.8              | 2683.2                      | 402.3           | 17503.8 |
| 2016                                       | 7591.6                           | 3763.1     | 2415.7              | 2551.5                      | 378.3           | 16700.2 |
| 2015                                       | 7227.6                           | 3823.2     | 2376.0              | 2412.1                      | 338.7           | 16177.6 |
| 2014                                       | 6583.4                           | 3878.3     | 2357.7              | 2284.2                      | 315.6           | 15419.2 |
| 2013                                       | 6265.4                           | 3517.1     | 2414.9              | 2076.0                      | 291.0           | 14564.4 |
| 2012                                       | 6126                             | 3464       | 2427                | 1955                        | 305             | 14277   |
| 2011                                       | 5667                             | 3486       | 2173                | 1899                        | 310             | 13535   |
| 2010                                       | 5225                             | 3262       | 2187                | 1868                        | 315             | 12857   |

\* Include about (6%) Governmental + (1.5%) Others      \*\* Estimated



## Number of Consumers

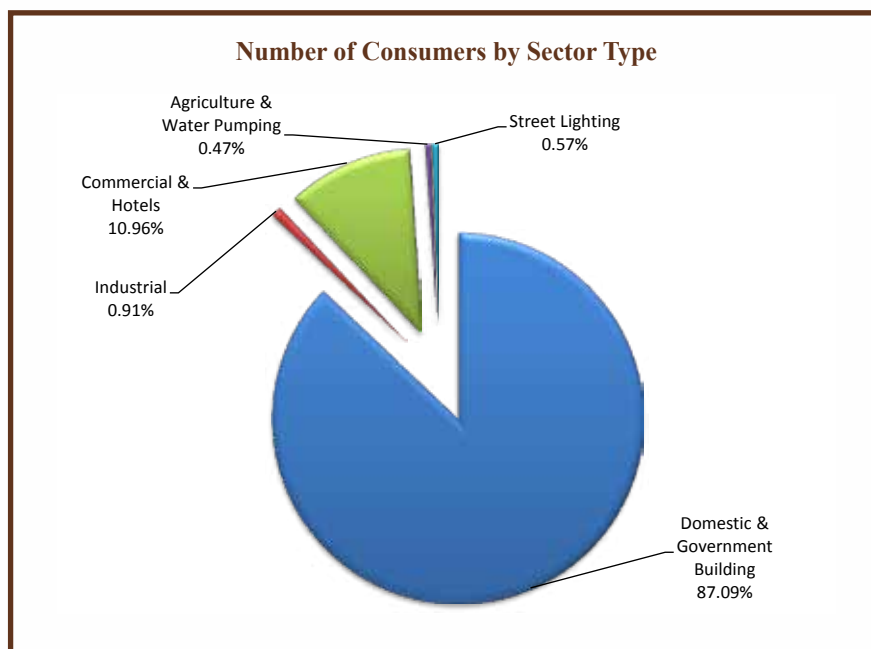
**Table (13): Number of Consumers in Jordan (Thousands)**

|              | 2014          | 2015          | 2016          | 2017          | (%)        |
|--------------|---------------|---------------|---------------|---------------|------------|
| NEPCO *      | 0.018         | 0.020         | 0.033         | 0.035         | 6.1        |
| EDCO         | 218.8         | 227.6         | 236.8         | 245.6         | 3.7        |
| JEPCO        | 1200.3        | 1265.9        | 1328.4        | 1391.1        | 4.7        |
| IDECO        | 442.4         | 471.0         | 495.5         | 521.3         | 5.2        |
| <b>Total</b> | <b>1861.5</b> | <b>1964.5</b> | <b>2060.7</b> | <b>2158.0</b> | <b>4.7</b> |

\*This represents the distribution companies and other large consumers.

**Table (14): Number of Consumers by Type of Consumption in Jordan for the Year 2017**

|                  | Domestic & Government Buildings | Industrial   | Commercial & Hotels | Agriculture & Water Pumping | Street Lighting | Bulk Sales | Total          |
|------------------|---------------------------------|--------------|---------------------|-----------------------------|-----------------|------------|----------------|
| 1. NEPCO's Areas | --                              | 26           | 6                   | --                          | --              | 3          | 35             |
| 2. EDCO's Areas  | 207188                          | 2104         | 28734               | 5719                        | 1848            | --         | 245593         |
| 3. JEPCO's Areas | 1210410                         | 12798        | 158587              | 2086                        | 7234            | --         | 1391115        |
| 4. IDECO's Areas | 461900                          | 4707         | 49197               | 2417                        | 3118            | --         | 521339         |
| <b>Total</b>     | <b>1879498</b>                  | <b>19635</b> | <b>236524</b>       | <b>10222</b>                | <b>12200</b>    | <b>3</b>   | <b>2158082</b> |

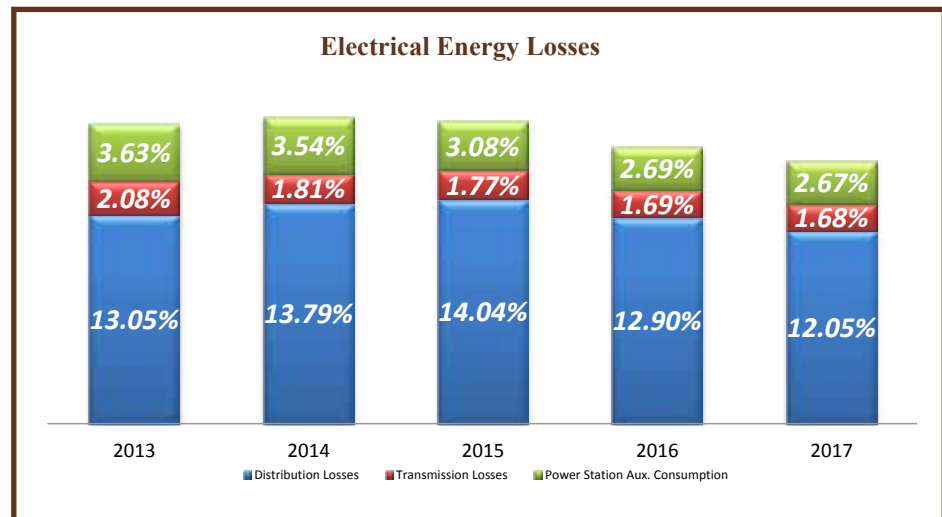


## Electrical Energy Losses

Table (15): Electrical Losses by Sector Type

|  | 2014  | 2015  | 2016  | 2017  |
|--|-------|-------|-------|-------|
| 1. Generation Losses *                         |       |       |       |       |
| Generated Energy                               | 17863 | 18516 | 18924 | 18690 |
| Sent Out Energy                                | 17231 | 17945 | 18415 | 18191 |
| Losses (%)                                     | 3.54  | 3.08  | 2.69  | 2.67  |
| 2. Transmission Losses                         |       |       |       |       |
| Purchased Energy                               | 17691 | 18541 | 18764 | 19287 |
| Sold Energy / Bulk                             | 17370 | 18213 | 18447 | 18963 |
| Losses (%)                                     | 1.81  | 1.77  | 1.69  | 1.68  |
| 3. Distribution Losses                         |       |       |       |       |
| Purchased Energy                               | 16305 | 17282 | 17663 | 18320 |
| Sold Energy/Retail                             | 14057 | 14856 | 15385 | 16112 |
| Losses (%)                                     | 13.79 | 14.04 | 12.90 | 12.05 |
| 4. Total Energy losses in Electricity Sector** |       |       |       |       |
| Sent Out Energy and Imported Energy            | 17666 | 18548 | 18749 | 19281 |
| Consumed and Exported Energy                   | 15121 | 15787 | 16168 | 16755 |
| Losses (%)                                     | 14.41 | 14.89 | 13.77 | 13.10 |

\* Includes the losses in the Electricity Generation Company \*\* Not Include Aux



# Electricity Tariffs

**Table (16): Electricity Tariff in Jordan**

| <b>Bulk Supply Tariff</b>                                     |       |
|---|-------|
| A- JEPCO  |       |
| Peak Load (JD/kW/ Month)                                      | 2.98  |
| Day Energy (Fils/kWh)   | 74.82 |
| Night Energy (Fils/kWh)                                       | 64.77 |
| B- EDCO   |       |
| Peak Load (JD/kW/ Month)                                      | 2.98  |
| Day Energy (Fils/kWh)   | 70.75 |
| Night Energy (Fils/kWh)                                       | 60.68 |
| C- IDECO  |       |
| Peak Load (JD/kW/ Month)                                      | 2.98  |
| Day Energy (Fils/kWh)   | 61.63 |
| Night Energy (Fils/kWh)                                       | 51.58 |
| D- Large Industries   |       |
| 1- Mining & Quarrying Industry                                |       |
| Peak Load (JD/kW/ Month)                                      | 2.98  |
| Day Energy (Fils/kWh)   | 237   |
| Night Energy (Fils/kWh)                                       | 170   |
| 2- Others   |       |
| Peak Load (JD/kW/ Month)                                      | 2.98  |
| Day Energy (Fils/kWh)   | 124   |
| Night Energy (Fils/kWh)                                       | 109   |
| <b>Retail Tariff</b>  |       |
| A- Household (Fils/kWh)                                       |       |
| First Block : from 1-160 kWh/Month                            | 33    |
| Second Block : from 161-300 kWh/Month                         | 72    |
| Third Block : from 301-500 kWh/Month                          | 86    |
| Fourth Block : from 501-600 kWh/Month                         | 114   |
| Fifth Block : from 601-750 kWh/Month                          | 158   |
| Sixth Block : from 751-1000 kWh/Month                         | 188   |
| Seventh Block : more than 1000 kWh/Month                      | 265   |
| B- Domestic (Fils/kWh)  |       |
| First Block : from 1-160 kWh/Month                            | 42    |
| Second Block : from 161-300 kWh/Month                         | 92    |
| Third Block : from 301-500 kWh/Month                          | 109   |
| Fourth Block : from 501-600 kWh/Month                         | 145   |
| Fifth Block : from 601-750 kWh/Month                          | 169   |
| Sixth Block : from 751-1000 kWh/Month                         | 190   |
| Seventh Block : more than 1000 kWh/Month                      | 256   |
| C- Flat Rate Tariff for TV & Broadcasting Stations (Fils/kWh) |       |
| D- Commercial Sector (Fils/kWh)                               |       |
| First Block : from 1-2000 kWh/Month                           | 120   |
| Second Block : more than 2000 kWh/Month                       | 175   |
| E- Flat Rate Tariff for Banking Sector (Fils/kWh)             |       |
| F- Telecommunication Sector (Fils/kWh)                        |       |
| First Block : from 1-2000 kWh/Month                           | 230   |
| Second Block : more than 2000 kWh/Month                       | 273   |
| G- Small Industries (Fils/kWh)                                |       |
| First Block : from 1-10000 kWh/Month                          | 71    |
| Second Block : more than 10000 kWh/Month                      | 81    |
| H- Medium Industries (Fils/kWh)                               |       |
| Peak Load (JD/kW/ Month)                                      | 2.00  |
| Day Energy (Fils/kWh)   | 89    |
| Night Energy (Fils/kWh)                                       | 75    |
| I- Flat Rate Tariff for Agriculture (Fils/kWh)                |       |
| J- Agriculture (Fils/kWh)*                                    |       |
| Peak Load (JD/kW/ Month)                                      | 3.79  |
| Day Energy (Fils/kWh)   | 59    |
| Night Energy (Fils/kWh)                                       | 49    |
| K- Flat Rate Tariff for Water Pumping (Fils/kWh)              |       |
| L- Flat Rate Tariff for Hotels (Fils/kWh)                     |       |
| M- Hotels (Fils/kWh)**  |       |
| Peak Load (JD/kW/ Month)                                      | 3.79  |
| Day Energy (Fils/kWh)   | 89    |
| Night Energy (Fils/kWh)                                       | 75    |
| N- Streets Lighting (Fils/kWh)                                |       |
| O- Army Forces (Fils/kWh)                                     |       |
| P- Port Corporation (Fils/kWh)                                |       |
| Q- Agriculture / Commercial (Fils/kWh)                        |       |
| <b>Notice Monthly Minimum Charge</b>                          |       |
| A- Domestic (JD/Month)  |       |
| B- Other Consumers (JD/Month)                                 |       |

\*The three part tariff will applied compulsory on agricultural consumers whose connected to the network from 14/3/2008, and Maximum load exceeding 100 MVA

\*\*The Medium industrial tariff applied on hotels sector from 1-5-2015

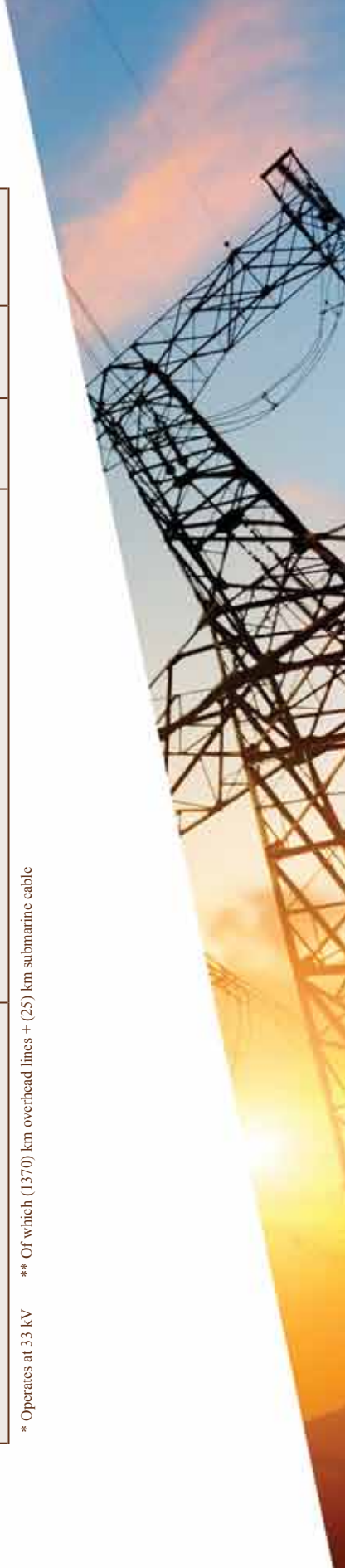
# Electrical Interconnection Projects

| Interconnection Project   | Project Status   | Technical Specifications |             |               |
|---|--|--------------------------|-------------|---------------|
|   |  | Voltage (kV)             | Length (km) | Capacity (MW) |
| <b>1. The Eighth Electrical Interconnection</b>                                 |  |                          |             |               |
| The Egyptian – Jordanian Electrical Interconnection (Submarine Cable)           | The energy exchange contract was renewed between the Jordanian and the Egyptian sides during January / 2017  | 400                      | 13          | 550           |
| The Jordanian – Syrian Electrical Interconnection                               | There was no exchange of electrical energy among these electrical networks as a result of the current prevailing conditions in the region  | 400                      | 147         | (300-800)     |
| The Egyptian – Syrian Electrical Interconnection (across the Jordanian network) |  | 400                      | -           | (250-300)     |
| The Syrian – Lebanese Electric Interconnection                                  |  | 400                      | 43          | (150-300)     |
| The Egyptian – Libyan Electrical Interconnection                                | 220  | 163                      | (170-500)   |               |
| The Syrian – Turkish Electrical Interconnection                                 | <ul style="list-style-type: none"> <li>- All works of this interconnection line 400 KV (inside the two countries) were completed.</li> <li>- This line was constructed in the year 2003.</li> <li>- This line is working now asynchronously.</li> <li>- It is planned to construct a substation 400 KV (HVDC) in Berik area in Turkey with a capacity of (600) MW in order to increase the power exchange across the interconnection lines.</li> </ul> | 400                      | 124         | (300-600)     |
| The Iraqi – Turkish Electrical Interconnection                                  | <p>The completion percent of this interconnection line between Iraq and Turkey reached to more than (90%)</p> <ul style="list-style-type: none"> <li>- As for the energy exchange, the Turkish side has previously supplied electricity to some areas in Iraq through 132 KV line in an isolated form.</li> </ul>  | 400                      | 165         | 400           |
| The Syrian – Iraqi Electrical Interconnection                                   | <ul style="list-style-type: none"> <li>- All works of the interconnection line 400 KV were completed in both sides.</li> <li>- The project is not yet operated as a result of the current prevailing conditions.</li> </ul>  | 400                      | 28          | 300           |
| The Jordanian – Palestinian Electric Interconnection (Jericho)                  | - The draft of the new contract of selling electrical energy between NEPCO and Jerusalem Electricity company was prepared, and it is expected to sign the final form of the contract during June/ 2018   | 132*                     | 30          | 20            |
| The Jordanian – Palestinian Electric Interconnection (West Bank)                | - The required approvals for implementing this project have not been done yet.   | 400                      | 101         |               |
| The Egyptian – Palestinian Electrical Interconnection (GAZA Strip)              | - This project has not been progressed at the practical level as a result of security circumstances prevailing around Gaza strip during the last years.  | 220                      | 70          | (70-150)      |

| Interconnection Project                          | Project Status   | Technical Specifications |             |               |
|--|--|--------------------------|-------------|---------------|
|  |  | Voltage (kV)             | Length (km) | Capacity (MW) |
| <b>2. Pan Arab Electrical Interconnection</b>    |  |                          |             |               |
| The Saudi – Egyptian Electrical Interconnection  | <ul style="list-style-type: none"> <li>- The interconnection agreements between the two countries have been signed on 12/12/2013. They include: Electrical interconnection agreement Commercial agreement Operational agreement.</li> </ul>  | 500                      | 1395**      | 3000          |
| The Jordanian – Saudi Electrical Interconnection | <ul style="list-style-type: none"> <li>- A memorandum of understanding for implementing Jordanian Saudi interconnection project was signed in Amman on 7/12/2017</li> <li>- It is expected to commence the preparation of the technical and economic studies starting from early 2018, however, the initial feasibility study for the overall Arab electrical interconnection initiated from the Arab League proved that this project is feasible, accordingly, it was contracted with an international consultant to conduct these studies and complete them during year 2018.</li> </ul> | 400                      | 127         | -             |
| The Egyptian – Sudani Electrical Interconnection | <ul style="list-style-type: none"> <li>- Based on the request if the Sudani side to join the Eighth electrical interconnection, a contract for preparing the feasibility study of the interconnection project between Egypt and Sudan was signed with the consultancy office PB. The required action is under way to begin the implementation of the project.</li> </ul>   | 220                      | 160         | (70-200)      |
| The Jordanian – Gulf Electrical Interconnection  | <ul style="list-style-type: none"> <li>- A memorandum of understanding was signed on 19/5/2016 between the National Electric Power Company and GULF Electric Interconnection Authority to prepare a feasibility study for the project.</li> <li>- The consultant submitted the initial report of the feasibility study. It is expected to complete the study during the year 2018.</li> </ul>  | 400                      |             |               |

\* Operates at 33 kV

\*\* Of which (1370) km overhead lines + (25) km submarine cable



## National Electric Power Company (Duties and Achievements)

The National Electric Power Company continued during the year 2017 its strenuous efforts to enhancing the company's achievements and progressing forward in the long march of work and construction at a steady pace and great interest in working efficiently and highly professional in order to achieve the desired objectives stated in the company's mission that includes securing a safe electrical energy, maintaining the reliability of the electric power system, continuity of supplying the required electrical energy to all consumers at economic prices complying with the international standards and environmental requirements, exchange of electrical energy with other countries, consolidation of institutional work in the company, optimal investment of the national grid infrastructure to serve the community, sharing in technology transfer, attracting the national and foreign investments in the electricity sector, and creating job opportunities for the national competencies, thus reaching the company's vision and aspirations towards upgrading the company's performance to the best regional and international levels.

Upon the trend of enhancing the contribution of renewable energy sources to the total energy mix, the company signed many agreements for electricity generation projects by utilizing the renewable energy sources (wind energy and solar energy), out of which four purchase agreements for electrical energy included within the system of direct offers for the second phase of the solar energy projects with a capacity of (50) MW per project. It is expected to operate these projects during the year 2018.

Six agreements for wind energy projects have also been signed within the first round of the direct proposals of the renewable energy projects, with a generating capacity of about (418) MW, in addition to projects of electricity generation by utilizing the local energy sources such as oil shale. This will go in line with the official trends indicated within the comprehensive national strategy for energy sector which included increasing the contribution of local energy sources such as oil shale and renewable energy to about (30%) of the total energy production by the year 2025.

The company has also developed and implemented the suitable strategies, appropriate technical and operational plans in addition to preparing the routine and the annual preventive maintenance for all the elements of the national grid, developing and enhancing the national grid through implementing the projects of constructing and expanding of the main substations 400/132/33 kV, 132/33 kV, as well as the implementation of projects of constructing transmission lines 132 kV, 400 kV which are necessary to interconnect the main substations with the electric power system in order to secure continuity of supplying electricity for all consumers in all regions of the kingdom in compliance with the best adopted technical specifications.

As for the electrical interconnection with the neighbouring countries, work continued on electrical energy exchange with those countries interconnected with the Jordanian national grid especially the Egyptian electric network, where the imported electrical energy from the Egyptian network reached about (51.3) GWh during the year 2017, in return, (57.3) GWh was exported from the Jordanian national grid to each of Jerusalem Electric Company (Jericho area) and the Iraqi border centre (Tribel).

In the same context, the National Electric Power Company has renewed the contract of energy exchange with the Egyptian Electricity Transmission Company for the year 2018 in response to the requirements of the kingdom to cover its needs of electrical energy within the available limits.

The following is a review of the most important achievements and the most prominent statistical indicators of the company for the year 2017.

## NEPCO's Achievements and Performance Indicators:

The NEPCO's statistical indicators in the year 2017 showed an increase in the Peak Load in summer season, also the transforming capacity of the main substations as well as in the lengths of the national grid. In this regard, NEPCO constructed new substations, expanded existing substations, and implemented new transmission lines in order to face the rising demand for electricity in Jordan. Furthermore, the NEPCO's technical performance indicators showed a reduction in the electrical loss percentage and the number of interruptions across the national transmission grid.

**Table (17): NEPCO's Significant Figures**

|  |        | 2016  | 2017  | (%)   |
|--|--------|-------|-------|-------|
| Peak load for Interconnected System (MW)             | Summer | 3165  | 3320  | 4.9   |
|  | Winter | 3250  | 3220  | (0.9) |
| Available Capacity for Interconnected System (MW)    |        | 4269  | 4300  | 0.7   |
| Purchased Electrical energy (GWh)                    |        | 18764 | 19287 | 2.8   |
| Sold Electrical Energy (GWh)                         |        | 18447 | 18963 | 2.8   |
| Transmission Losses (%)                              |        | 1.69  | 1.68  | (0.6) |
| National Grid Transmission Lines 400 kV (Km-Circuit) |        | 924   | 924   | --    |
| National Grid Transmission Lines 132 kV (Km-Circuit) |        | 3573  | 3617  | 1.2   |
| Substations Installed Capacities 132/33kV (MVA)      |        | 8825  | 8985  | 1.8   |
| Substations Installed Capacities 400/132/33kV (MVA)  |        | 3760  | 3760  | 0.0   |
| No. of Employees                                     |        | 1408  | 1399  | (0.6) |
| NEPCO's Fixed Assets (Million JD)                    |        | 539   | 538   | (0.2) |

**Table (18): NEPCO's Performance Indicators**

|   | 2016  | 2017  | (%)    |
|---|-------|-------|--------|
| <b>1. Manpower Indicators</b>                     |       |       |        |
| Annual Productivity (GWh Sold/Employee)           | 13.1  | 13.6  | 3.8    |
| Transforming Installed Capacity (MVA/Employee)    | 9.1   | 9.3   | 2.2    |
| <b>2. Financial Indicator</b>                     |       |       |        |
| Total Cost of kWh sold (Fils/kWh)                 | 78.29 | 80.49 | 2.8    |
| Cost of Energy Purchased (Fils/kWh) sold          | 64.46 | 71.52 | 11.0   |
| Other Costs (Fils/kWh) sold                       | 13.83 | 8.97  | (35.1) |
| Revenues (Fils/kWh)                               | 79.56 | 77.51 | (2.6)  |
| Current Ratio (Times)                             | 0.09  | 0.12  | 33.3   |
| Net Profit (Loss) Ratio (%)                       | 13.63 | 3.49  | --     |
| Total Debt to Total Assets Ratio (%)              | 167.1 | 126.0 | --     |
| <b>3. Technical Indicator</b>                     |       |       |        |
| Transmission Losses (%)                           | 1.69  | 1.68  | --     |
| Availability of National Transmission Grid (%)    | 99.91 | 99.95 | --     |
| Number of Interruptions                           | 12    | 6     | (50.0) |
| Unsupplied Energy (MWh)                           | 297   | 241   | (18.9) |
| Average Interruption Duration (Min/ Interruption) | 31    | 26    | (16.1) |
| Average Unsupplied Energy (MWh/ Interruption)     | 25    | 40    | 60.0   |
| Interruption Duration (Hour)                      | 6     | 2.6   | (56.7) |

## Electrical Energy Purchases and Sales

**Table (19): NEPCO's Electrical Energy Purchases (GWh)**

|                                | 2014           | 2015           | 2016           | 2017           | (%)        |
|--------------------------------|----------------|----------------|----------------|----------------|------------|
| (A) CEGCO                      | 7497.6         | 6016.1         | 4009.4         | 4096.6         | 2.2        |
| (B) SEPGCO                     | 4407.8         | 5271.6         | 7028.0         | 7478.0         | 6.4        |
| (C) AES Jordan PSC (IPP1)      | 1945.7         | 1792.2         | 3113.0         | 2576.0         | (17.3)     |
| (D) QEPCO (IPP2)               | 1483.9         | 2237.8         | 2839.9         | 2989.7         | 5.3        |
| (E) AAEPKO (IPP3)              | 1127.9         | 1377.6         | 258.3          | 280.1          | 8.4        |
| (F) AES Levant Holding (IPP4)  | 774.0          | 1100.2         | 501.2          | 755.7          | 50.8       |
| (F) Wind Energy Companies      | --             | 121.0          | 390.7          | 447.5          | 14.5       |
| (G) Solar Energy Companies     | --             | 0.74           | 267.5          | 591.3          | 121.0      |
| (H) Others                     | 18.7           | 20.1           | 21.7           | 21.0           | (3.2)      |
| King Talal Dam                 | 16.6           | 16.9           | 18.7           | 17.0           | (9.1)      |
| Indo-Jordan Chemicals Co.      | 2.1            | 3.2            | 3.0            | 4.0            | 33.3       |
| (I) Imported Energy from Egypt | 434.9          | 603.8          | 333.8          | 51.3           | (84.6)     |
| <b>Total Energy Purchased</b>  | <b>17690.5</b> | <b>18541.1</b> | <b>18763.5</b> | <b>19287.2</b> | <b>2.8</b> |

**Table (20): NEPCO's Electrical Energy Sales (GWh)**

|                                       | 2014           | 2015           | 2016           | 2017           | (%)           |
|---------------------------------------|----------------|----------------|----------------|----------------|---------------|
| <b>A. Distribution Companies</b>      | <b>16304.9</b> | <b>17282.1</b> | <b>17663.2</b> | <b>18320.0</b> | <b>3.7</b>    |
| JEPKO                                 | 10304.5        | 10880.1        | 10975.0        | 11383.0        | 3.7           |
| EDCO                                  | 3160.0         | 3337.8         | 3461.4         | 3558.9         | 2.8           |
| IDECO                                 | 2840.4         | 3064.2         | 3226.8         | 3378.1         | 4.7           |
| <b>B. Large Consumers</b>             | <b>1000.8</b>  | <b>881.1</b>   | <b>737.6</b>   | <b>585.0</b>   | <b>(20.7)</b> |
| Refinery Co.                          | 37.2           | 44.1           | 27.1           | 27.5           | 1.5           |
| Jordan Cement Co./Al Fuhies Plant     | 23.6           | 17.1           | 8.7            | 2.1            | (75.9)        |
| Jordan Cement Co./Al Rashadiyeh Plant | 125.1          | 108.8          | 98.6           | 95.2           | (3.4)         |
| Al-Rajhi Cement Co.                   | 138.5          | 118.1          | 144.1          | 112.4          | (22.0)        |
| Al-Hadeetha Cement Co.                | 111.3          | 100.7          | 100.0          | 133.4          | 33.4          |
| Qatranna Cement Co.                   | 88.7           | 9.9            | 5.2            | 3.9            | (25.0)        |
| Potash Co.                            | 284.5          | 288.8          | 126.6          | 31.3           | (75.3)        |
| El-Hasa Phosphate Co.                 | 39.6           | 46.4           | 39.4           | 32.6           | (17.3)        |
| Sheidiyah Phosphate Co.               | 18.0           | 27.8           | 33.3           | 20.8           | (37.5)        |
| QAIA                                  | 66.8           | 68.2           | 73.4           | 74.6           | 1.6           |
| Indo-Jordan Fertilizer Co.            | 60.5           | 37.2           | 61.3           | 32.1           | (47.6)        |
| Haraneh (New Broadcasting)            | 0.8            | 0.7            | 0.7            | 0.4            | (42.9)        |
| AAEPKO (IPP3)                         | 5.0            | 10.2           | 13.7           | 12.2           | (10.9)        |
| AES Levant Holding (IPP4)             | 1.2            | 2.7            | 3.5            | 3.1            | (11.4)        |
| Wind Energy Companies                 | --             | 0.4            | 0.5            | 0.6            | 20.0          |
| Solar Energy Companies                | -              | 0.002          | 1.5            | 2.8            | 86.7          |
| <b>C. Exported Energy</b>             | <b>63.8</b>    | <b>49.7</b>    | <b>45.5</b>    | <b>57.4</b>    | <b>26.2</b>   |
| Egypt                                 | 22.8           | 3.0            | --             | --             | --            |
| Jerusalem Co. (Jericho)               | 34.3           | 41.4           | 42.4           | 54.0           | 27.4          |
| Iraqi Border (Trabeel)                | 6.7            | 5.3            | 3.1            | 3.3            | 6.5           |
| <b>D. Other</b>                       | <b>0.2</b>     | <b>0.2</b>     | <b>0.2</b>     | <b>0.5</b>     | <b>150.0</b>  |
| <b>Total</b>                          | <b>17369.7</b> | <b>18213.1</b> | <b>18446.5</b> | <b>18962.8</b> | <b>2.8</b>    |

## NEPCO's Projects

The company was able in the year 2017 to accomplish many projects which aim, in its entirety to enhance and develop the national grid in addition to commencing the implementation of another number of projects which may be completed in the coming years. The company's projects can be summarized as follows:

### First) Substations Projects:-

#### A) 400 kV Substations Projects:-

**Table (21): Projects of Constructing 400 kV Substations**

| Substation  | Added Capacity (MVA) | Operation Data |
|---|----------------------|----------------|
| Amman West S/S  | 2x400                | 2018           |
| Ma'an S/S ( Green Corridor Project)                   | 2x400                | 2019           |
| QAIA South S/S ( Green Corridor Project)              | 2x500                | 2019           |
| Oil Shale Switching Station / Atarat                  | --                   | 2019           |
| Al-Qatranah S/S (Green Corridor Project + Amman East) | --                   | 2019           |

#### B) 132 kV Substations Projects:-

**Table (22): Projects of Expanding Existing Substations**

| Substation   | Added Capacity (MVA) | Operation Data        |
|--|----------------------|-----------------------|
| Expanding Al-Tafileh S/S Wind                        | --                   | Second Quarter / 2017 |
| Expanding Al-Mafraq S/S (Renewable Energy Projects)  | --                   | Third Quarter / 2017  |
| Expanding Al-Samra S/S                               | --                   | Fourth Quarter / 2017 |
| Expanding QAIA S/S (Green Corridor Project)          | --                   | Fourth Quarter / 2018 |
| Expanding Al-Qatranah S/S (Green Corridor Project)   | 2x45                 | Fourth Quarter / 2018 |
| Expanding Amman East S/S (Renewable Energy Projects) | --                   | Fourth Quarter / 2018 |

**Table (23): Projects of Constructing New Substations**

| Substation                       | Added Capacity (MVA) | Operation Data                          |
|----------------------------------|----------------------|---|
| Al-Qweirah S/S / Solar           | 2x80                 | First Quarter / 2017                    |
| Al- Tafileh 132/33 kV S/S        | 2x80                 | Fourth Quarter / 2017                   |
| Al-Zarqa 132/33 kV S/S           | --                   | The First Stage: Third Quarter /2017    |
|                                  |                      | The Second Stage: Second Quarter / 2018 |
| Al-Salt Industrial 132/33 kV S/S | 2x80                 | 2019                                    |
| Jerash Industrial 132/33 kV S/S  | 2x80                 | 2019                                    |

**Table (24): Switching Station Projects**

| Project                                      | Operation Date        |
|--|-----------------------|
| Al- Fujaije Switching Station /Wind          | Fourth Quarter / 2017 |
| Al-Rajif Switching Station / Wind            | Third Quarter / 2018  |
| Al- Safawih Switching Station / Solar        | Third Quarter / 2018  |
| Xnel Switching Station / Wind                | Third Quarter / 2018  |
| Ad. Dulayl Switching Station / Solar         | Third Quarter / 2018  |
| KFW Switching Station / PV                   | Second Quarter / 2018 |
| Kushboo Switching Station / Wind             | Third Quarter / 2018  |
| Amman East Switching Station / Solar         | Third Quarter / 2018  |
| MASDAR Switching Station / Solar             | Second Quarter / 2019 |
| Mass Switching Station / Wind                | First Quarter / 2019  |
| Bab-Alhawa (Shobak) Switching Station / Wind | Third Quarter / 2019  |

**Table (25): Main Substations Installed Capacity (MVA)**

| Years | 400/132/33 | 230/132 | 132/33 | 132/6 | 132/11 |
|-------|------------|---------|--------|-------|--------|
| 2014  | 3760       | 100     | 7865   | 155   | 25     |
| 2015  | 3760       | 100     | 8665   | 155   | 25     |
| 2016  | 3760       | 100     | 8825   | 155   | 25     |
| 2017  | 3760       | 100     | 8985   | 155   | 25     |

**Second) 400, 132 kV Transmission Lines Projects:****Table (26): The Completed and Under-Construction Projects**

| Project   | Circuit        | kV  | Length of the Added line (Km.Circuit) | Completion Date       |
|---|----------------|-----|---------------------------------------|-----------------------|
| Connection of Al-Qatranah with Amman West Plant S/S                   | Double Circuit | 400 | 110                                   | Fourth Quarter / 2017 |
| Connection of Amman West S/S with Al-Samra S/S                        | Double Circuit | 400 | 75                                    | Third Quarter / 2017  |
| Connection of Al-Fujaije Wind Farm                                    | Double Circuit | 132 | 22                                    | Fourth Quarter / 2017 |
| Connection of Al-Safawih Solar Plant                                  | Double Circuit | 132 | 5                                     | Third Quarter / 2018  |
| Connection of Al-Rajif Wind Farm                                      | Single Circuit | 132 | 9                                     | First Quarter / 2018  |
| Connection of Oil Shale/ Atarat S/S                                   | Double Circuit | 400 | 70                                    | 2018                  |
| Connection of Amman East S/S (Renewable Energy Projects)              | Double Circuit | 132 | 2                                     | Third Quarter / 2018  |
| Connection of Al-Dhulel S/S   | Double Circuit | 132 | 4                                     | Third Quarter / 2018  |
| Connection of KFW Solar Plant   | Single Circuit | 132 | 1.6                                   | Second Quarter / 2018 |
| Connection of Kushboo Wind Farm with Al-Tafla S/S                     | Double Circuit | 132 | 5                                     | Third Quarter / 2018  |
| Connection of Xnel Wind Farm with Al-Tafla S/S                        | Double Circuit | 132 | 6                                     | Fourth Quarter / 2018 |
| Connection of New Ma'an with Al-Qatranah S/S (Green Corridor Project) | Double Circuit | 400 | 150                                   | First Quarter / 2019  |
| Connection of Al-Qatranah with QAIA S/S (Green Corridor Project)      | Double Circuit | 132 | 60                                    | First Quarter / 2019  |
| Connection of Al-Fujaije Wind Farm                                    | Double Circuit | 132 | 12                                    | Third Quarter / 2019  |
| Connection of Al-Mwaqar S/S (Solar Energy Project/Baynouna)           | Double Circuit | 132 | 12-15                                 | Second Quarter / 2019 |
| Connection of Mass Wind Farm  | Double Circuit | 132 | 8                                     | First Quarter / 2019  |
| Connection of Jareh Industrial S/S                                    | Single Circuit | 132 | 10                                    | 2019                  |

**Table (27): Transmission Line Length (km - Circuit)**

| Year | 400 kV | 230 kV | 132 kV         |                    | 66 kV* |
|------|--------|--------|----------------|--------------------|--------|
|      |        |        | Overhead Lines | Underground Cables |        |
| 2014 | 924    | 17     | 3482           | 62                 | 17     |
| 2015 | 924    | 17     | 3511           | 62                 | 17     |
| 2016 | 924    | 17     | 3511           | 62                 | 17     |
| 2017 | 924    | 17     | 3555           | 62                 | 17     |

\* Converted to Work on 33 kV

### Third) Communication and Control Projects

- The department of the communication and control in NEPCO has worked on the completion of several projects during the year 2017, the most prominent of which are the following:
- Issuing and awarding the digital protective exchange equipment which will be used in the new substations.
- Installing the communication equipment; (the digital carrier (OPD-1)), (SDH-TEJAS-STM-16) in new Al-Fujaije substation in order to place them within the communication network related to the substations.
- Installing the external linking equipment in substations of new Al-Fujaije, new Tafila, Al-Queira new solar.
- Installing and operating DC voltage feeding equipment (VDC 48) in substations of new Al-Fujaije, Al-Queira new solar, new Tafila city, new west Amman.
- Installing the communication equipment; the digital carrier (OPU + OPD-1), (SDH – TEJAS – STM-16) in substations of Al-Queira new solar, new Tafila in order to place them within the communication network related to the substations.
- Connecting and operating channels of control and interchange protection channels of the new substations of Al-Queira solar and Tafila city.
- Follow up the maintenance of the fiber-optic network, DC voltage feeding equipment and the batteries (VDC 48) in addition to the equipment (DPLC, PDH, SDH) in all substations.
- Follow up the connection of energy meters in all new sites within the unified communication network using the remote meter reading system (AMR) for substations.
- Activation of optical fibre cable related to the Ministry of Communication.
- Contributing to the project of installing shelters for the Ministry of Communication in (17) plant and transferring their communications services to these shelters within the project of expanding the national communication network (NBN) in accordance with the provisions of the agreement of Ministry of Communication.
- Follow up the maintenance works of the fibre-optic network of the official Jordanian universities.
- Re-examination of interchange protection equipment of the Egyptian line and the Aqaba line S4-Aqaba ATPS within the maintenance plan with the department of protection and meters.
- Preparing a technical plan in cooperation with the two sections of maintenance and control programming for operating a control system for the communication equipment in all sites including the transmission of signals and alarms for all communication equipments in order to facilitate and accelerate the identification and resolution of problems.



## The Electric Power System

The National Electric Power Company through its national control centre follows up the works of managing and operating the electric power system through daily operational process for different equipments of the electric power system in accordance with the system requirements in order to achieve the company's institutional objective through the following:

**First :** Ensure that the electric power system is operated safely and with high reliability.

**Second :** Optimal economic operation of the electric power system to achieve the lowest possible cost by utilizing all available energy sources.

The major measures adopted to achieve these two objectives can be summarized as follows:

- Maintaining the continuity of the electrical current accompanied by maintaining safety and security of the electric power system and its staff.
- Working continuously all over the time in order to reduce the cost of purchased energy through following up an appropriate operational regime in different circumstances.
- Utilizing the interconnection lines with the neighbouring countries in an optimal form to reduce the production cost of electrical energy.
- Monitoring the frequency and the voltage of the electric power system in compliance with the Transmission Grid Code.

The electric power system in Jordan consists of the main generating power stations and transmission networks of 400 and 132 kV which connects these power stations with the load centres in different areas in the Kingdom.

The power system includes also the 400 kV tie-line with Syria and the 400 kV submarine cable which interconnects the Jordanian network with the Egyptian network, in addition to the national control centre and the distribution networks which provide electricity to (99.9%) of the total population.

The power system in Jordan includes some private power stations which could be synchronized with the rest of the power stations in the interconnected system as well as it includes also few private power stations that serve only their owners and not connected with the interconnected system.

The electric power system in Jordan is a distinguished system in terms of efficiency and continuity of power supply similar to many leading countries at the regional and international levels.

## Power Demand

The peak load of the electric power system was (3320) MW in July 2017 compared with (3250) MW in December 2016 with annual growth rate of (2.2%), whereas the average annual growth rate for the period (2010-2017) was about (3.3%).

**Table (28): Peak load for Interconnected System (MW)**

| Years | Peak Load |         | Minimum Load |
|-------|-----------|---------|--------------|
|       | Morning   | Evening |              |
| 2017  | 3320      | 3220    | 1350         |
| 2016  | 3180      | 3250    | 1300         |
| 2015  | 3310      | 3160    | 1300         |
| 2014  | 2845      | 2900    | 1250         |
| 2013  | 2840      | 2975    | 1145         |

The generating units share in covering the system peak load for the year 2017 was as follows:

|                      |        |
|----------------------|--------|
| Combined Cycle units | 68.25% |
| Steam units          | 17.80% |
| Gas Turbine units    | 6.22%  |
| Hydro units          | 0.15%  |
| Solar units          | 4.41%  |
| Wind units           | 2.71%  |
| Imports              | 0.46%  |

To keep up with the increase in demand growth of the electrical energy in the Kingdom, the company prepares all the necessary studies to determine the current and future needs of electrical energy in order to cover these needs through the following studies:

- Conducting a study of electricity demand forecast of electrical energy and future loads.
- Conducting a study of generation expansion projects.
- Conducting a study of substations and transmission lines expansion projects.

The electric loads and the generated electrical energy according to the study of the electricity demand forecast are shown in the following table.

It is expected that the annual growth rate of the electrical loads through the period from 2018 to 2040 is estimated to be about (3.7%) in average.

**Table (29): Electricity Demand Forecast in the Interconnected System**

| Years | Max. Demand* |            | Electrical Energy Generated** |            |
|-------|--------------|------------|-------------------------------|------------|
|       | MW           | Growth (%) | GWh                           | Growth (%) |
| 2018  | 3428         | 3.3        | 20234                         | 4.0        |
| 2019  | 3551         | 3.6        | 21082                         | 4.2        |
| 2020  | 3676         | 3.5        | 21995                         | 4.3        |
| 2025  | 4433         | 3.8        | 27285                         | 4.4        |
| 2030  | 5341         | 3.8        | 33832                         | 4.4        |
| 2040  | 7682         | 3.7        | 51886                         | 4.4        |

\* Summer Loads

\*\* Sent out

# National Grid in Jordan's Power System



## The Supporting Technical Services

### A) Quality and Public Safety

The National Electric Power Company continued its strenuous efforts which aim to develop work, improve performance and to fulfil conditions of public safety, career health and environment. These efforts have been crowned with success, through the company's obtaining the environment management system certificate (ISO 4001), and safety management and career health system certificate (OHSAS 18001).

The achievement is considered as an important step for this company towards the consolidation of the concept of quality, safety and environment in its entire works in addition to develop the performance in compliance with the best international quality standards. This will be reflected on the company's efficient performance and on its relationship with companies, corporations and individuals whom the company deals with.

The importance of obtaining such international certificates is to maintain the safety of the staff and increase the productivity and reduce the time lost in production process, minimize the direct and indirect cost of accidents in addition to maintain the environment for the next generations, this can be determined by adhering to the instructions, laws and local and international systems.

The company also worked on the preparation and implementation of the necessary awareness and educational programs, in order to upgrade the preventive awareness level of all employees in field of public safety and protection from accidents. The company also will work on provision of public safety equipments and devices, fire fighting equipment, personal preventive devices and tools for employees, in addition to preparing an emergency plan to be updated continuously.

The company also will follow up the maintenance of quality management system (ISO 9001) in compliance with the international standard specifications (ISO).

This system has been applied at all the activities and procedures of the company in compliance with the latest version of ISO specifications 9001 for the year 2008.


### B) International Services and Investment

For the sake of achieving the company's objectives originated from its mission that aims to invest the infrastructure of the national grid and to invest the technical potentials and practical experience of the company in various technical fields and administrative, financial and computerized consultations at all local, regional and international levels.

The National Electric Power Company provided during the year 2017 through the department of international services and investment, several services and consultations and implemented also many training programs at the internal and external levels, of which the most notably the following achievements:

#### Inside Jordan

- Leasing a number of strands of dark fibre-optic owned by the National Electric Power Company to local companies and governmental agencies.
- Providing engineering and consulting services in technical, administrative, financial and computerized fields to many corporations, local companies and sister electricity companies.
- Carrying out training programs at the Electrical Training Centre owned by National Electric Power Company for a number of corporations, industrial companies, electricity companies and university students in the Kingdom.
- Completing the third and the latest stage of the project of rehabilitating, expanding and operating the airport substations (QL-2), (QL-1) for the benefit of the company (J & P Overseas).



- Carrying out a number of training programs at the Electrical Training Centre for a number of Syrian refugees from AL-Za'atary camp through the United Nations High Commissioner for refugees and financed by the Japanese International Cooperation Agency (JICA), where four training programs in the field of normal and advanced domestic electric installations and consumers services were implemented for (42) trainees during the year 2017.

### **Outside Jordan**

- Signing a memorandum of understanding to implement thirteen training programs in favour of cadres from Iraqi Ministry of Electricity and Ministry of electricity of Kurdistan region in Iraq in cooperation with the Japanese International Cooperation Agency (JICA) within the training program for the third country, which includes technical and administrative fields. The number of participants from Iraq reached to (166) trainees.

- Signing a memorandum of understanding with the Japanese International Cooperation Agency (JICA) within the training program for the third country to implement eight training programs in different technical fields in favour of cadres from the Electricity Distribution Companies and from the Transmission Company belonging to the Palestinian Energy Authority, where the number of trainees who participated in these training programs was (68) during the year 2017.

- Signing a memorandum of understanding with the Japanese International Cooperation Agency (JICA) within the third training program for the third country to implement ten training programs, in favour of cadres from the Yemeni Ministry of Electricity and Energy, in different technical fields. These programs will be implemented during the year 2018.

- Signing a cooperation agreement with the DAR AL-ENJAZ for energy and engineering consultancy in Riyadh, to extend a secondment of one of the company's engineers to work as a consultant for the Ministry of Electricity and Water in the Kingdom of Saudi Arabia during the year 2018.

## The Supporting Administrative Services

### A) Electrical Training Centre

The electrical training centre was established in 1986. The centre includes many laboratories and workshops in addition to training areas.

#### Objectives of the Centre

- Qualifying new technical cadres of the company, corporations and local companies.
- Training the technical staff (Upgrading staff efficiency courses) of the company, corporations and local companies.
- Training students of universities, internal and external institutions.
- Training technical cadres in Arab sister countries and other friendly countries.
- Maintenance and manufacturing spare parts for some equipments and devices used in the company's facilities.

#### Fields of Training Programs

- Installation, operation and maintenance of substations.
- Design, install, operate, maintain and test transmission network.
- Design, install, operate, maintain and test the distribution networks, consumer services and meters testing equipments.
- Domestic electric installations and its testing and revealing.
- Operation, testing and calibrating the electrical protection systems.

#### Training System in the Centre

The training programs were designed to fulfil the needs of the companies, local and external corporations for all different technical levels in fields of (electricity, control and mechanics).

The electrical training centre provides the following training programs:

#### Short-Term Training Programs

These programs are normally held for periods of less than one month, and they aim to upgrading the efficiency of the technical staff of NEPCO (Internal training), local companies and corporations (local training). The number of trainees was (135) trainee during the year 2017.

#### Long-Term Training Programs

These programs are held for periods of more than six months. They are targeted to the new staff of the companies operating in the electricity sector.

The training periods for those new staff are as follows:

High School Certificate Campaign(Two years)

Diploma (One year)

The number of trainees reached to (114) trainee during the year 2017.

## **Special Training Programs for the Educational Corporations, Universities and Institutions**

These programs serve the students who are still studying in universities and institutions through the summer training programs either seasonal training or site training. The number of trainees reached to (177) trainee during the year 2017.

### **External Training Programs**

This program is held to provide training service for engineers and technicians from Arab and friendly countries in cooperation with the Japanese International Cooperation Agency (JICA) or with other international corporations such as the United Nations Development Program, Arab Monetary Fund, Excellent Trend Company in addition to other consultancy companies.

The number of trainees was (254) trainee during the year 2017.

## **B) Human Resources**

The National Electric Power Company seeks to achieve the optimum use of human resources, by working to upgrade the level of efficiency and productivity in performance for all the employees in the company.

This requires preparing and implementing the courses and training programs in constructing and developing the capabilities, supporting and enhancing the necessary skills to advance the human element and the level of achievement towards excellence and progress, in order to achieve the aspirations of the company and its vision towards improving the performance level to reach the ranks of the best companies at the regional and international levels.

In this context, the company through its department of human resources worked on preparing and implementing many programs and training activities, in addition to carrying out many development studies regardless of either in response to the changes in the work environment or in line with what had been asked by the company's management or decisions of Board of Directors.

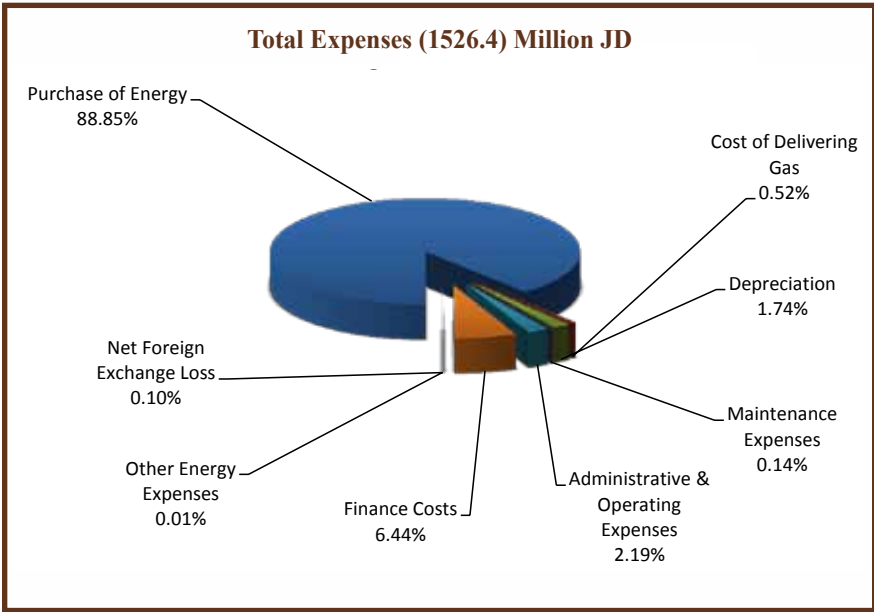
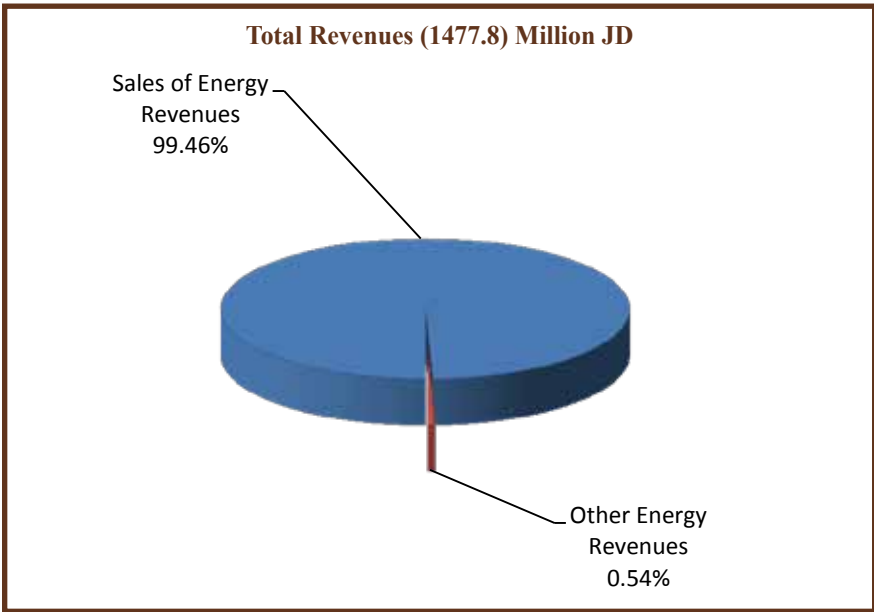
The number of the training activities implemented during the year 2017, within the internal training programs were about (66) training activities while the number of participants in these activities was (357) participant from all divisions of the company.

The number of training activities within external training program during the year 2017 was ten activities distributed among (training courses, conferences and workshops). The number of participants in these activities was (24) participant.

Training opportunities for students and engineers were also provided in cooperation with some official and private bodies, based on the company's belief in its social role towards the students and newly graduated engineers. In this regard, (52) engineer and (33) student were trained within the site and summer training programs.

The number of NEPCO's employees by the end of 2017 was (1399) employee of which the engineers constituted (21.6%), the technicians constituted (35.5%), the financers (6.0%), the administrators (16.8%) and the supporting services constituted (20.1%).

# Financial Performance





The Hashemite Kingdom of Jordan

National Electric Power Company



Financial Statements

## Independent Auditor's Report on the Financial Statements

### Qualified Opinion

We have audited the financial statements of National Electric Power Company (Public shareholding company) ("The Company") which comprise the statement of financial position as of December 31, 2017, and the related statements of profit or loss and other comprehensive income, changes in Owners' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effect for what is stated in paragraph (1) and the effect for what is stated in paragraph (2) in the Basis of Qualified Opinion below, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the instructions of Prime Ministers Council and Energy and Mineral Regulatory Commission.

### Basis of Qualified Opinion

- 1- As stated in note (21) to the financial statements, accounts payable includes an accrued payable to the Ministry of Finance in the amount of JOD 2,737,965,414 as of December 31, 2017 which is less than the balance in the confirmation received from the Ministry of Finance in the amount of JOD 124,214,578, as the Ministry of Finance confirmed an amount of JOD 2,862,179,992, we could not verify the nature and accuracy of this difference, also we could not verify this by using alternative audit procedures, accordingly, we could not determine if there are necessary adjustments on the balance of accounts payable, accumulated losses and current year loss.
- 2- As stated in note (30) to the financial statements, the Company calculates late payment fees on accrued balances for its benefit or against it with all governmental entities and electric generating and distribution companies, and book it as off statement of financial position accounts, the late payment fees recorded to the benefit of the Company amounted to JOD 82,020,677 as of December 31, 2017, and late payment fees recorded against the Company amounted to JOD 85,614,555 as of December 31, 2017. Such fees are considered rights to the Company and liabilities against it and it should be recorded in the Statement of Financial Position and not as off Statement of Financial Position accounts, also if the Company had booked these penalties in the financial position, this will lead to increase in the Company's assets in the amount JOD 82,020,677 and its liabilities in the amount JOD 85,614,555 as of December 31, 2017 and the previous years, in addition to current year loss and accumulated losses for the Company in the amount of JOD 3,593,878.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with International Ethics Standards Board for Accountants Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Emphasis of Matters

Without further qualifications to our opinion, we draw attention to the following:

As stated in note (2 – e) to the financial statements, the accumulated losses for the year ended December 31, 2017 amounted to (JOD 4,860,905,148) which exceeds 75% of the paid up capital, that requires specific procedures in accordance with paragraph (266 – A) from companies law No (22) for the year 1997 which states that "If the accumulated losses equals three quarters of the paid up capital value it should be liquidated except if the general assembly in an extraordinary meeting decided to increase its paid up capital", also the Company's current liabilities exceeds its current assets as of December 31, 2017 by JOD 3,797,815,946 (2016: JOD 3,915,201,672). The continuity of the Company is primarily based on the support provided by the Government of the Hashemite Kingdom of Jordan as they are the sole shareholder of the Company as referred in the note above.

As stated in note (7) to the financial statements, the Company does not issue a consolidated financial statement, which includes the Company's financial statements and its subsidiary (International Electric Training and Maintenance Company) as one group as the result of the subsidiary is not material.

The Company has restated the financial statements for the year ended December 31, 2016 to correct an accounting error as referred to in note (33) to the financial statements in line with the requirements of IAS (8) "Accounting Policies, Changes in Accounting Estimates and Errors"

## **Other Matter**

The financial statements for the year ended December 31, 2016, had been audited by another auditor, we had issued an unqualified opinion on April 17, 2017.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, the instructions issued by the Prime Minister's Council and the Energy and Mineral Regulatory Commission instructions, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence relating to the financial statements of entities or businesses within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and implementation of audit at the Company level and remain the sole responsible for our opinion.

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

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

### **Report on Other Legal and Regulatory Requirements**

The Company maintains proper accounting records. The accompanying financial statements are, in all material aspects, in agreement with the Company's accounting records, and we recommend that the Company's General Assembly approves these financial statements taking into account the paragraphs of the basis of qualified opinion and the emphasis of matters mentioned above.

Kawasmy & Partners CO  
KPMG  
Hatem Kawasmy Amman - Jordan  
License no. (656) April 29, 2018

## Statement Of Financial Position

| In Jordanian Dinar   |      | As of December 31,     |                        | As of January 1,       |
|--|------|------------------------|------------------------|------------------------|
|  |      | 2017                   | (Restated) 2016        | 2016                   |
| <b>Assets</b>  | Note |                        |                        |                        |
| Property, plant and equipment-Net  | 5    | 462,572,794            | 472,001,926            | 476,461,591            |
| Subscriber's contributions - Net   | 5    | 75,223,665             | 66,886,828             | 63,754,550             |
| Investments in financial assets at fair value through other comprehensive income | 8    | 1,122,154              | 1,411,101              | 1,492,911              |
| Investments in subsidiary/under liquidation                                      | 7    | 50,000                 | 50,000                 | 100,000                |
| <b>Total Non-Current Assets</b>  |      | <u>538,968,613</u>     | <u>540,349,855</u>     | <u>541,809,052</u>     |
| Inventory  | 10   | 51,096,748             | 44,507,908             | 43,072,700             |
| Other debit balances   | 11   | 19,766,419             | 10,388,457             | 11,983,386             |
| Receivables – Net  | 12   | 457,207,401            | 307,808,088            | 398,454,772            |
| Company's contribution in employees housing fund                                 | 9    | 3,361,060              | 3,080,060              | 2,799,061              |
| Cash on hand and at banks  | 13   | 688,779                | 541,579                | 5,392,743              |
| <b>Total Current Assets</b>  |      | <u>532,120,407</u>     | <u>366,326,092</u>     | <u>461,702,662</u>     |
| <b>Total Assets</b>  |      | <u>1,071,089,020</u>   | <u>906,675,947</u>     | <u>1,003,511,714</u>   |
| <b>Equity and Liabilities</b>  |      |                        |                        |                        |
| <b>Total Owner's Equity</b>  |      |                        |                        |                        |
| Paid up capital  | 1    | 230,000,000            | 230,000,000            | 230,000,000            |
| Statutory reserve  | 14   | 9,657,187              | 9,657,187              | 6,384,000              |
| Voluntary reserve  | 14   | 11,276,745             | 11,276,745             | 4,730,371              |
| Special reserve  | 14   | 11,276,745             | 11,276,745             | 4,730,371              |
| Treasury rights  | 15   | 22,036,852             | 22,036,852             | 22,006,775             |
| Fair value reserve   | 8    | 813,581                | 1,102,528              | 1,184,338              |
| Accumulated losses   |      | <u>(4,860,905,148)</u> | <u>(4,855,416,729)</u> | <u>(4,871,782,665)</u> |
| <b>Net Owners' Equity</b>  |      | <u>(4,575,844,038)</u> | <u>(4,570,066,672)</u> | <u>(4,602,746,810)</u> |
| <b>Liabilities</b>   |      |                        |                        |                        |
| Provision for end-of-service indemnity   | 18   | 8,376,831              | 6,880,243              | 6,746,005              |
| Net subscriber's contribution  | 5    | 75,223,665             | 66,886,828             | 63,754,550             |
| Receipts of participants' contribution to projects under construction            | 19   | 8,065,747              | 11,149,553             | 20,103,371             |
| General debt bonds and Islamic Sukuk non-current portion                         | 17   | 375,000,000            | 75,000,000             | 300,000,000            |
| Loans non-current portion  | 16   | 850,330,462            | 1,035,298,231          | 1,371,567,427          |
| <b>Total Non - Current liabilities</b>   |      | <u>1,316,996,705</u>   | <u>1,195,214,855</u>   | <u>1,762,171,353</u>   |
| Income tax provision   | 6    | 3,971,473              | 3,971,473              | 3,971,473              |
| Other credit balances  | 20   | 67,894,571             | 63,220,523             | 66,154,512             |
| General debt bonds-current portion   | 17   | -                      | 300,000,000            | -                      |
| Loans-current and matured portion  | 16   | 894,355,156            | 786,356,507            | 670,817,372            |
| Due to Banks   | 22   | 225,180,913            | 46,005,225             | 51,440,898             |
| Trade payables   | 21   | 3,138,534,240          | 3,081,974,036          | 3,051,702,916          |
| <b>Total Current Liabilities</b>   |      | <u>4,329,936,353</u>   | <u>4,281,527,764</u>   | <u>3,844,087,171</u>   |
| <b>Total Liabilities</b>   |      | <u>5,646,933,058</u>   | <u>5,476,742,619</u>   | <u>5,606,258,524</u>   |
| <b>Total Owners' Equity And Liabilities</b>                                      |      | <u>1,071,089,020</u>   | <u>906,675,947</u>     | <u>1,003,511,714</u>   |

The accompanying notes on pages from (8) to (36) are integral parts of these financial statements and to be read therewith and with the independent auditor report.

## Statement Of Profit Or Loss And Other Comprehensive Income

| In Jordanian Dinar  | Note | For the Year Ended December 31, |                        |
|---|------|---------------------------------|------------------------|
|   |      | 2017                            | (Restated) 2016        |
| <b>Operating revenue</b>  |      |                                 |                        |
| Revenues from sale of energy  | 23   | 1,469,799,054                   | 1,467,653,916          |
| Revenue from other energy   |      | 7,972,623                       | 1,212,115              |
| <b>Gross operating revenue</b>  |      | <u>1,477,771,677</u>            | <u>1,468,866,031</u>   |
| <b>Operating expenses</b>   |      |                                 |                        |
| Purchased energy  | 24   | (1,356,249,441)                 | (1,189,098,333)        |
| Gas delivery costs for generation stations                              |      | (7,947,649)                     | (18,925,408)           |
| Maintenance expenses  |      | (2,208,179)                     | (2,675,216)            |
| Operating and administrative expenses                                   | 25   | (33,453,965)                    | (31,713,127)           |
| Depreciation  | 5    | (26,577,915)                    | (26,301,658)           |
| <b>Total operating expenses</b>   |      | <u>(1,426,437,149)</u>          | <u>(1,268,713,742)</u> |
| <b>Operating profit</b>   |      | 51,334,528                      | 200,152,289            |
| Settlement of prior years' receivables                                  | 26   | 29,985,801                      | 4,384,830              |
| Recovery of cost of delivery of the gas line to the generating stations |      | 9,577,681                       | -                      |
| Net foreign exchange (losses) gains                                     |      | (1,556,967)                     | 444,052                |
| Other revenues  | 27   | 3,556,977                       | 3,292,605              |
| Other expenses  | 28   | (100,570)                       | (146,607)              |
| Finance cost  |      | (98,285,869)                    | (175,395,298)          |
| <b>(Loss) Profit For The Year Before Income Tax</b>                     |      | <u>(5,488,419)</u>              | <u>32,731,871</u>      |
| <b>Other Comprehensive Income Items:</b>                                |      |                                 |                        |
| Change in fair value  | 8    | (288,947)                       | (81,810)               |
|   |      | (5,777,366)                     | 32,650,061             |
| <b>Total Comprehensive (Loss) Income for the Year</b>                   | 29   | (0.024)                         | 0.14                   |
| <b>Basic and Diluted (Loss) Earnings Per Share for the Year</b>         |      |                                 |                        |

The accompanying notes on pages from (8) to (36) are integral parts of these financial statements and to be read therewith and with the independent auditor report.

The financial statements were approved from page (4) to (36) by the Board of Directors and approved by:

## Statement Of Changes In Owners' Equity

| In Jordanian Dinar   | Paid up<br>Capital        | Statutory<br>Reserve    | Voluntary<br>Reserve     | Special<br>Reserve       | Treasury<br>Rights       | Fair Value<br>Reserve   | Accumulated<br>Losses         | Total Equity                  |
|--|---------------------------|-------------------------|--------------------------|--------------------------|--------------------------|-------------------------|-------------------------------|-------------------------------|
| <b>For the Year Ended<br/>December 31, 2017</b>            |                           |                         |                          |                          |                          |                         |                               |                               |
| Balance as of January 1, 2017                              | 230,000,000               | 9,657,187               | 11,276,745               | 11,276,745               | 22,036,852               | 1,102,528               | (4,855,416,729)               | (4,570,066,672)               |
| Total comprehensive (loss) for<br>the year                 | -                         | -                       | -                        | -                        | -                        | (288,947)               | (5,488,419)                   | (5,777,366)                   |
| <b>Balance as of December<br/>31, 2017</b>                 | <b><u>230,000,000</u></b> | <b><u>9,657,187</u></b> | <b><u>11,276,745</u></b> | <b><u>11,276,745</u></b> | <b><u>22,036,852</u></b> | <b><u>813,581</u></b>   | <b><u>(4,860,905,148)</u></b> | <b><u>(4,575,844,038)</u></b> |
| <b>For the Year Ended<br/>December 31, 2016 (Restated)</b> |                           |                         |                          |                          |                          |                         |                               |                               |
| Balance as of January 1, 2016                              | 230,000,000               | 6,384,000               | 4,730,371                | 4,730,371                | 22,006,775               | 1,184,338               | (4,871,782,665)               | (4,602,746,810)               |
| Total comprehensive income for<br>the year –note (33)      | -                         | -                       | -                        | -                        | -                        | (81,810)                | 32,731,871                    | 32,650,061                    |
| Transferred to the reserves                                | -                         | 3,273,187               | 6,546,374                | 6,546,374                | -                        | -                       | (16,365,935)                  | -                             |
| Treasury rights  | -                         | -                       | -                        | -                        | 30,077                   | -                       | -                             | 30,077                        |
| <b>Balance as of December 31,<br/>2016</b>                 | <b><u>230,000,000</u></b> | <b><u>9,657,187</u></b> | <b><u>11,276,745</u></b> | <b><u>11,276,745</u></b> | <b><u>22,036,852</u></b> | <b><u>1,102,528</u></b> | <b><u>(4,855,416,729)</u></b> | <b><u>(4,570,066,672)</u></b> |

The accompanying notes on pages from (8) to (36) are integral parts of these financial statements and to be read therewith and with the independent auditor report.

## Statement Of Financial Position

|   | Note  | For the Year Ended December 31, |               |
|---|-------|---------------------------------|---------------|
|   |       | 2017                            | 2016          |
| <b>In Jordanian Dinar</b>   |       |                                 |               |
| (Loss) profit for the year before income tax  |       | (5,488,419)                     | 32,731,871    |
| <b>Adjustments:</b>   |       |                                 |               |
| Depreciation  | 5     | 26,577,915                      | 26,301,658    |
| Impairment of slow moving materials in warehouses                                     | 25    | 697,395                         | 675,870       |
| Provision for end-of-service indemnity  | 18    | 2,453,078                       | 385,190       |
| Allowance for doubtful debt   | 12-25 | 1,213,544                       | 2,389,026     |
| Finance expenses  |       | 98,285,869                      | 175,395,298   |
| Gain from sale of property, plant and equipment                                       |       | -                               | (26,794)      |
|   |       | 123,739,382                     | 237,852,119   |
| Inventory   |       | (7,286,235)                     | (2,111,078)   |
| Other debit balances  |       | (9,377,962)                     | 1,594,929     |
| Receivables   |       | (150,612,857)                   | 88,257,658    |
| Other credit balances   |       | 540,164                         | (2,708,546)   |
| Subscribers contributions receipts  |       | (3,083,806)                     | (8,953,818)   |
| Trade payables  |       | 56,560,204                      | 30,271,120    |
| <b>Net Cash Flow From operating activities before paying end-of-service indemnity</b> |       | 10,478,890                      | 344,202,384   |
| Payment for end-of-service indemnity  | 18    | (956,490)                       | (250,952)     |
| <b>Net Cash flow from operating activities</b>  |       | 9,522,400                       | 343,951,432   |
| <b>Cash flow from investing activities :</b>  |       |                                 |               |
| Acquisition of property, plant and equipment  | 5     | (17,148,783)                    | (21,866,700)  |
| Proceeds from sale of property, plant and equipment                                   |       | -                               | 51,502        |
| Investments in subsidiary   |       | -                               | 50,000        |
| Company contribution in employees housing fund  |       | (281,000)                       | (281,000)     |
| <b>Net cash (used in) investing activities</b>  |       | (17,429,783)                    | (22,046,198)  |
| <b>Cash flow from financing activities:</b>   |       |                                 |               |
| Loans   |       | (76,969,120)                    | (220,730,061) |
| Due to banks  |       | 179,175,688                     | (5,435,673)   |
| Finance expenses and interest paid  |       | (94,151,985)                    | (175,620,741) |
| Treasury rights   |       | -                               | 30,077        |
| Islamic Sukuk and general debt bonds  |       | -                               | 75,000,000    |
| <b>Net cash flow from (used in) financing activities</b>                              |       | 8,054,583                       | (326,756,398) |
| Net increase (decrease) in cash and cash equivalents                                  |       | 147,200                         | (4,851,164)   |
| Cash and cash equivalents at beginning of the year                                    |       | 541,579                         | 5,392,743     |
| <b>Cash and Cash Equivalents at the End of the Year For Cash Flow Purpose</b>         | 13    | 688,779                         | 541,579       |

The accompanying notes on pages from (8) to (36) are integral parts of these financial statements and to be read therewith and with the independent auditor report.

# Notes To The Financial Statements

## 1) General

National Electric Power Company (the Company) was incorporated on August 29, 1996 as a public shareholding company under registration number (316) with paid up capital of JOD 230,000,000 JOD, in accordance with Prime Ministers decision convert the Jordanian Electric Authority into public shareholding company. Based on Prime Ministers decision in its meeting held on October 4, 1997, National Electric Power Company restructured into three companies starting on January 1, 1999 and keep the activity of transportation, electric control, purchasing energy and selling it and exchange electric power with neighboring countries at National Electric Power Company. The Company is wholly owned by the Government of Hashemite Kingdom of Jordan.

- The Company's objectives are limited to purchasing generated energy from generating companies and selling it to distribution companies and major consumers supplied from transport networks around the kingdom. Exchange electric power with neighboring countries, importing and exporting. Purchase natural gas for the needs of electric generation stations and selling it to electric generation companies.
- The Company's head office location is the Swefiah - Amman - Jordan.
- The financial statements were approved by the Board of Directors on April 29, 2018 and it is subject to the approval of the General Assembly.

## 2) Basis Of Preparation Of The Financial Statements

### a) Statement of compliance

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the instructions issued by the Prime Minister's Council and the Energy and Mineral Regulatory Commission instructions.
- The main differences between IFRS as applicable and the Prime Ministers Council and the Energy and Mineral Regulatory Commission are as follows:
  - The Company capitalizes legal compensation expenses paid for the owners of land that the electricity networks passes through their property in accordance with Energy and Mineral Regulatory Commission decision (Electricity Regulatory Agency previously) in the meeting held on November 18, 2003 and they depreciate it over 10 years, according to IFRS these expenses should be recognized as incurred.
  - The subscribers contributions assets and liabilities presented as a gross amounts on financial position based on the prime minister decision number 23/11/6189 on June 4, 1985, as the Company net off the assets depreciation and liabilities amortization. The subscriber's contributions amortized over 25 years. According to IFRS those assets should be amortized over its estimated useful life.
  - According to the Energy and Mineral Regulatory Commission decision on March 21, 2018, National Electric Power Company had been exempted from applying IFRS (9) – financial assets impairment for the years 2018 and 2019.
  - Treasury rights was presented as an equity item according to two agreements between National Electric Power Company and Ministry of Planning related to Arab Fund for Social and Economic Development loan and OPEC Fund for International Development loan, according to IFRS it should be recorded as liabilities.

## **b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the financial assets measured at the fair value through other comprehensive income, which is measured at fair value, and financial assets and liabilities that are presented at amortized cost.

## **c) Functional and presentation currency**

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

## **d) Use of estimates and Judgments**

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

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

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

- Management periodically reassesses the economic useful lives for tangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.
- Management frequently reviews the lawsuits raised against the Company based on a legal study prepared by the Company's legal advisors. This study highlights potential risks that the Company may incurred in the future.
- A provision for doubtful debts is taken in the statement of profit or loss on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).
- A provision against the end-of-service indemnity obligations in the statement of profit or loss and other comprehensive income.
- Management estimates the provision to decrease inventory to net realizable value if the cost of inventory may not be recoverable, damaged, wholly or partially obsolete, and its selling price to fall below cost or any other factors that cause the recoverable amount to be lower than its carrying amount.
- Management periodically reassesses the recoverability amount lives for other financial assets in order to determine if there is any impairment in its carrying amount.
- Management estimates the provision for income tax in accordance with the prevailing laws and regulations.
- **Fair value hierarchy:**

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

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

### e) Going concern

The accumulated losses for the year ended December 31, 2017 amounted to (JOD 4,860,905,148) which exceeds 75% of the paid up capital, that requires specific procedures in accordance with paragraph (266 – A) from companies law No (22) for the year 1997, also the Company's current liabilities exceeds its current assets as of December 31, 2017 by JOD 3,797,815,946 (2016: JOD 3,915,201,672). The Company management future plan for facing accumulated losses and the working capital deficit is primarily based on the support provided by the Government of the Hashemite Kingdom of Jordan as the sole shareholder of the Company based on that the financial statements had been prepared on a going concern principle.

## 3) Significant Accounting Policies

The accounting policies applied by the Company in these financial statements for the year ended December 31, 2017 are the same as those applied by the Company in its financial statements for the year ended December 31, 2016, except for the following International Financial Reporting Standards amendments and improvements that become effective after January 1, 2017:

- Amendments to IAS 7: Disclosure Initiative.
- Amendments to IAS 12 Recognition of deferred tax assets for unrealized losses.
- Amendments to IFRS 12 Disclosure of Ownership in Other Entities: Annual Amendments to International Financial Reporting Standards 2014-2016.

The application of these amended standards did not have a significant effect on the Company's financial statements.

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

### A-Financial instruments

#### • Financial assets in fair value through other comprehensive income

These assets represents the investments in equity instruments for the purpose of retains it in order to generate revenue in the long term and not for the purpose of trading.

- The financial assets through other comprehensive income are recoded in fair value plus the acquisition expenses when purchasing it, and it is revalued later in fair value, the change in fair value is shown in other comprehensive income and in equity which includes the change in fair value resulted from exchange differences nonmonetary assets in foreign currencies, in case selling these assets or portion of it profit or losses resulted from that is recorded in comprehensive income and in equity, the fair value reserve balance related to equity instruments sold is transferred directly to retained earnings not through profit or loss.
- These assets are not subject to impairment test.
- Dividend paid are recognized in statement of profit or loss and other comprehensive income.

- **Financial Assets at amortized cost**

- The Company initially recognizes financial assets at amortized cost on the date that they are originated. The financial assets held within the Company management whose objective is to hold these assets in order to collect contractual cash flows, which represent payments of principal and interest on the principal amount outstanding.
- These assets are recorded in cost plus acquisition costs, and the premium/discount is amortized using effective interest rate, restriction or for interest account, reduced by any allowances resulted by impairment in its value leads to inability of recover the asset or portion of it, any impairment in its value is booked in statement of profit or loss.
- The impairment amount in these assets is represented by the difference between booked value in the records and the present value of the anticipated cash flows discounted by the original actual interest rate.
- Its not allowed to reclassify any of the financial assets to/from this item except for in specific cases in IFRS. in case of sell any of these assets before maturity date the result of selling is recorded in statement of profit or loss in a separate item and disclosed about that in accordance with IFRS.

- **Financial liabilities**

These liabilities are initially recognized in fair value minus any direct transaction costs and revalued later in amortized cost using effective interest rate.

- **Loans and receivables**

These assets are initially recognized in fair value plus any direct transaction costs, and revalued later in amortized cost using effective interest method.

### **B- Subsequent costs**

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

### **C- Investment in subsidiaries**

A subsidiary is a company that controlled by the Company, control is achieved when the Company has the power to govern the financial and operating policies of the subsidiary and obtain the benefits from its activities, The investment in subsidiary appears at cost in the preparation of separate financial statement

#### **D- Property Equipment**

Property and equipment are shown at cost after the deduction of accumulated depreciation and any impairment in value, property and equipment (except land) are depreciated when ready to use using straight line method over its anticipated useful life using the following annual rates:

| Property and equipment              | Percentage % |
|-------------------------------------|--------------|
| Buildings                           | 2-3.3        |
| Transmission lines                  | 2.5          |
| Transformation stations             | 3.3          |
| Land lines                          | 2.8          |
| Transmission lines-sea cable        | 2.5          |
| Fiber optics communication tools    | 10           |
| Furniture and office equipment      | 10           |
| Vehicles                            | 20           |
| Tools and equipment                 | 10           |
| Operators and communication devices | 5            |
| Control and monitoring devices      | 12.5         |
| Computers                           | 20           |
| Legal compensation assets           | 10           |
| Other equipment                     | 10           |
| Others                              | 3-20         |

#### **E- Subscribers assets contributions**

Subscribers contributions presented in amounts received from major subscribers in exchange to construct transformation stations for them in a separate item in accordance with Energy and Mineral Regulatory Commission instructions which stated to present these assets in non-current assets under the name of subscribers contributions assets and had in the liability subscribers contributions liabilities in the same amount.

Subscribers contribution-assets are depreciated at a rate of 4% annually and the Subscribers contribution-liabilities are amortized with the same rate as it will not affect the financial position of the Company based on prime minister decision number 23/11/6189 on June 4, 1985 which do not affect the financial position for the Company.

#### **F- Legal compensations assets**

According to Electric Regulatory Authority in its meeting held on October 18,2003 the compensation paid from the Company to land owners that the electric lines passes through their property considered as capitalized expenditure which shows in financial position under item legal compensations assets and depreciated over 10 years. The compensations paid during the year are capitalized in the end of accounting period from January 1 2003.

## **G- Inventories**

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

## **H- Projects under construction**

- Projects under construction are shown at cost which includes the cost of constructions and equipment and direct costs. Projects under construction do not depreciated until the completion of assets related to it when it is ready to be used.

## **I- Revenue recognition and expenses incurred**

- Revenue recognized and expenses incurred on accrual basis.
- Sales revenue are recognized during the ordinary workflow of the Company in fair value for the received monetary exchange or realized after deducting returns and commercial discounts, the pricing is based on the price list from Mineral and energy regulatory sector.
- Revenues recognized when there is valid evidences which usually are selling agreements according to it the major risks and rewards are transferred to the client.
- Services revenue are recognized in statement of profit or loss which agrees with the stage of work in the date of report, the completion phase is assessed by reference to the completed work surveys.

## **J- Impairment**

### **Financial Assets**

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

### **Non-Financial Assets:**

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

### **K- Foreign Currency Transactions**

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

### **L- Fair value**

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

### **M- End-of-service indemnity**

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

The Company pays end of service indemnity fees at the rate equivalent for one month's salary for each year of service, less the Company's contribution to the social security for the employees were in service since 24 December 2002, in accordance with the labor court resolution.

### **N- Offsetting of financial assets**

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

### **O- Date of recognition of financial assets**

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

### **P- Provisions**

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

### **Q- Finance expenses**

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

### **R- Income tax**

- Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.
- Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
- Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

- Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
- A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.
- Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.
- Current tax payable is calculated at the tax rate of 24% in accordance with prevailing income tax law in Jordan.

#### **S- Earnings per share**

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

#### **T- Delay interest fees**

The Company records credit and debit late interest fees in off balance sheets accounts outside the financial position.

### **4) New standards and interpretations not yet adopted**

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

#### **New Standards**

- International Financial Reporting Standards (9): Financial Instruments (effective on January 1, 2018 except for Insurance Companies, which will be effective on January 1, 2021 with earlier application, permitted).
- International Financial Reporting Standards (15): Revenue from Contracts with Customers (effective on January 1, 2018 with earlier application permitted).
- International Financial Reporting Standards (16): Leases (effective on January 1, 2019 with earlier application permitted).
- International Financial Reporting Standards (17): Insurance Contracts (effective January 1, 2021 with earlier application permitted).

#### **Amendments to Standards:**

- IFRS (2): Classification and Measurements of Share-Based Payments (effective on January 1, 2018 with earlier application permitted).

- IFRS (10) and IAS (28): Sale or Contribution of Assets between and Investor and its Associate or Joint Venture. (date to be determined).
- IAS (40): Clarify Transfers or Property to, or from, Investment Property (effective on January 1, 2018).
- Amendments to International Financial Reporting Standards (4) in applying International Financial Reporting Standards (9) (effective on January 1, 2018).
- Interpretations International Financial Reporting Interpretations Committee (23): Uncertainty over Income Tax Treatments (effective on January 1, 2018).
- Amendments to International Financial Reporting Standards (2014-2016) Amendments to International Financial Reporting Standards (1) First-time Adoption of International Financial Reporting Standards and IAS (28) Investments in Associates and Joint Ventures (effective on January 1st, 2018).
- IFRIC 22: Foreign currency transactions and prepayment allowance.

Management expects to apply these standards and amendments in the preparation of the financial statements at the dates set out above, which will have no material impact on the Company's financial statements except for the adoption of IFRS 9 Financial Instruments disclosed below and IFRS (16): Leases, where the expected impact of its application will be disclosed when the Company reviews the impact, since it is not practicable to provide a reasonable estimate of the implications of applying this standard in the current period.

**Effect of application of International Financial Reporting standard No. (9) (and in case of adoption):**

The Company is required to apply IFRS 9 "Financial Instruments" starting from January 1, 2018. Accordingly, the Company has working to estimate the expected impact of the adoption of the standard on the financial statements which is not yet been completed. The Company will book the full-expected impact taking into consideration the full estimates and tests required by the standard when issuing the Company's condensed interim financial statements for the period ending June 30, 2018.

The following are the most important aspects of application:

**A- Classification and measurement of financial assets:**

Management anticipates that there is no material impact on the application of the Standard. The Company has early adopted phase one of IFRS 9 as of January 1, 2011 based on the request of the Jordanian Security Exchange Commission.

**B- Classification and measurement of financial liabilities:**

IFRS (9) has retained the requirements of IAS (39) regarding the classification of financial liabilities. IAS 39 (Revised) requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the statement of profit or loss, whereas IFRS (9) requires:

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

The Company has not classified any financial liabilities in financial liabilities at fair value through profit or loss. Moreover, there is no intention by the management to classify any financial liabilities in this category. Therefore, there is no impact from the application of IFRS (9) to the financial statements.

### **C- Impairment of financial assets**

IFRS (9) replaces the ‘incurred loss’ model in IAS (39) with a forward-looking ‘expected credit loss’ model. Which requires the use of estimates and judgments to estimate economic factors. The model will be applied to all financial assets - debt instruments which classified as amortized cost or at fair value through statement of comprehensive income or at fair value through profit or loss.

Impairment losses will be calculated in accordance with the requirements of IFRS (9) in accordance with the following rules:

- 12 month impairment loss: The expected impairment will be calculated for the next 12 months from the date of the financial statements.
- Impairment losses for the lifetime of the instrument: The expected impairment of the life of the financial instrument will be calculated until the maturity date from the date of the financial statements.

The expected credit loss mechanism depends on the probability of default (PD), which is calculated according to the credit risk and future economic factors, the loss in default (LGD), which depends on the value of the existing collateral, the exposure at default (EAD).

The Company has not calculated the expected impact for the adoption of IFRS 9 on the financial statements according to the Energy and Mineral Regulatory Commission decision on March 21, 2018, National Electric Power Company had been exempted from applying IFRS (9) – financial assets impairment for the years 2018 and 2019.

### **D- Disclosures**

IFRS (9) requires detailed disclosures, particularly with regard to hedge accounting, credit risk and expected credit losses. The Company is working to provides all the necessary details for these disclosures to be presented in the subsequent financial statements after application.

### **E-Implementation**

According to the Energy and Mineral Regulatory Commission decision on March 21, 2018, National Electric Power Company had been exempted from applying IFRS (9) – financial assets impairment for the years 2018 and 2019. On the other hand the Company will implement other requirements for IFRS 9 started from January 1, 2018.

## 5) Property, Plant and Equipment and Subscribers Contributions Assets

### In Jordanian Dinar

2017

|  | Cost                 |                   |              |           | Accumulated depreciation |                      |                   |           | Net book value<br>at the end of the<br>year |
|--|----------------------|-------------------|--------------|-----------|--------------------------|----------------------|-------------------|-----------|---|
|  | Beginning<br>balance | Additions         | Transfers    | Disposals | Ending balance           | Beginning<br>balance | Additions         | Disposals |   |
| Projects under construction            | 31,765,515           | 17,796,350        | (17,451,249) | -         | 32,110,616               | -                    | -                 | -         | 32,110,616                                  |
| Land                                   | 39,447,444           | 832,935           | -            | -         | 40,280,379               | -                    | -                 | -         | 40,280,379                                  |
| Legal compensations assets             | 97,004,317           | 10,802,836        | -            | -         | 107,807,153              | 61,839,349           | 6,664,728         | -         | 68,504,077                                  |
| Buildings                              | 72,700,847           | -                 | 3,675,814    | -         | 76,376,661               | 27,712,192           | 2,212,002         | -         | 29,924,194                                  |
| Transmissions line                     | 230,550,193          | -                 | 2,610,702    | -         | 233,160,895              | 99,906,541           | 7,862,311         | -         | 107,768,852                                 |
| Transformation stations                | 395,409,707          | -                 | 11,083,820   | -         | 406,493,527              | 179,762,479          | 11,409,262        | -         | 191,171,741                                 |
| Landlines                              | 28,362,794           | -                 | -            | -         | 28,362,794               | 6,360,371            | 687,789           | -         | 7,048,160                                   |
| Transmission lines-sea cable           | 25,231,064           | -                 | -            | -         | 25,231,064               | 11,437,512           | 630,687           | -         | 12,068,199                                  |
| Fiber optics communication<br>tools    | 3,776,920            | -                 | -            | -         | 3,776,920                | 3,520,365            | 127,334           | -         | 3,647,699                                   |
| Furniture and office equipment         | 1,977,589            | 45,607            | -            | -         | 2,023,196                | 1,832,390            | 59,593            | -         | 1,891,983                                   |
| Vehicles                               | 8,777,675            | 209,225           | -            | -         | 8,986,900                | 7,645,997            | 479,554           | -         | 8,125,551                                   |
| Tools and equipment                    | 2,681,138            | 50,478            | -            | -         | 2,731,616                | 2,484,424            | 90,887            | -         | 2,575,311                                   |
| Operators and communication<br>devices | 2,677,750            | 1,967             | -            | -         | 2,679,717                | 2,525,500            | 65,491            | -         | 2,590,991                                   |
| Control and monitoring devices         | 7,482,792            | 7,084             | -            | -         | 7,489,876                | 6,002,621            | 368,866           | -         | 6,371,487                                   |
| Computers                              | 4,860,732            | 54,581            | -            | -         | 4,915,313                | 4,695,712            | 84,392            | -         | 4,780,104                                   |
| Other equipment                        | 2,339,980            | 118,821           | -            | -         | 2,458,801                | 2,116,943            | 93,965            | -         | 2,210,908                                   |
| Others                                 | 4,428,254            | 85,030            | 80,913       | -         | 4,594,197                | 2,743,561            | 260,348           | -         | 3,003,909                                   |
| <b>Total – divided to</b>              | <b>959,474,711</b>   | <b>30,004,914</b> | -            | -         | <b>989,479,625</b>       | <b>420,585,957</b>   | <b>31,097,209</b> | -         | <b>451,683,166</b>                          |
| Property plant and equipment           | 853,856,888          | 17,148,783        | -            | -         | 871,005,671              | 381,854,962          | 26,577,915        | -         | 408,432,877                                 |
| Subscribers contributions assets       | 105,617,823          | 12,856,131        | -            | -         | 118,473,954              | 38,730,995           | 4,519,294         | -         | 43,250,289                                  |
| <b>Total</b>                           | <b>959,474,711</b>   | <b>30,004,914</b> | -            | -         | <b>989,479,625</b>       | <b>420,585,957</b>   | <b>31,097,209</b> | -         | <b>451,683,166</b>                          |
|  |                      |                   |              |           |                          |                      |                   |           | <b>537,796,459</b>                          |
|  |                      |                   |              |           |                          |                      |                   |           | 462,572,794                                 |
|  |                      |                   |              |           |                          |                      |                   |           | 75,223,665                                  |

## In Jordanian Dinar

### 2016

|                                     | Cost                 |                   |           |                 | Accumulated depreciation |                      |                   |                 | Net book value<br>at the end of the<br>year |                    |
|-------------------------------------|----------------------|-------------------|-----------|-----------------|--------------------------|----------------------|-------------------|-----------------|---|--------------------|
|                                     | Beginning<br>balance | Additions         | Transfers | Disposals       | Ending balance           | Beginning<br>balance | Additions         | Disposals       |   | Ending<br>balance  |
| Projects under construction         | 18,893,767           | 13,586,744        | (714,996) | -               | 31,765,515               | -                    | -                 | -               | 31,765,515                                  |                    |
| Land                                | 37,687,011           | 1,760,433         | -         | -               | 39,447,444               | -                    | -                 | -               | 39,447,444                                  |                    |
| Legal compensations assets          | 83,612,204           | 13,392,113        | -         | -               | 97,004,317               | 55,803,595           | 6,035,754         | -               | 61,839,349                                  |                    |
| Buildings                           | 72,193,335           | -                 | 507,512   | -               | 72,700,847               | 25,515,509           | 2,196,683         | -               | 27,712,192                                  |                    |
| Transmissions line                  | 229,979,720          | -                 | 570,473   | -               | 230,550,193              | 91,957,491           | 7,949,050         | -               | 99,906,541                                  |                    |
| Transformation stations             | 395,772,696          | -                 | (362,989) | -               | 395,409,707              | 168,410,212          | 11,352,267        | -               | 179,762,479                                 |                    |
| Landlines                           | 28,362,794           | -                 | -         | -               | 28,362,794               | 5,672,582            | 687,789           | -               | 6,360,371                                   |                    |
| Transmission lines-sea cable        | 25,231,064           | -                 | -         | -               | 25,231,064               | 10,806,825           | 630,687           | -               | 11,437,512                                  |                    |
| Fiber optics communication tools    | 3,776,920            | -                 | -         | -               | 3,776,920                | 3,374,254            | 146,111           | -               | 3,520,365                                   |                    |
| Furniture and office equipment      | 1,918,404            | 59,185            | -         | -               | 1,977,589                | 1,761,707            | 70,683            | -               | 1,832,390                                   |                    |
| Vehicles                            | 8,662,625            | 167,500           | -         | (52,450)        | 8,777,675                | 7,224,953            | 448,789           | (27,745)        | 7,645,997                                   |                    |
| Tools and equipment                 | 2,633,739            | 47,399            | -         | -               | 2,681,138                | 2,349,279            | 135,145           | -               | 2,484,424                                   |                    |
| Operators and communication devices | 2,618,902            | 58,848            | -         | -               | 2,677,750                | 2,460,443            | 65,057            | -               | 2,525,500                                   |                    |
| Control and monitoring devices      | 7,474,407            | 8,385             | -         | -               | 7,482,792                | 5,632,986            | 369,635           | -               | 6,002,621                                   |                    |
| Computers                           | 4,816,810            | 43,922            | -         | -               | 4,860,732                | 4,593,808            | 101,904           | -               | 4,695,712                                   |                    |
| Other equipment                     | 2,297,679            | 62,474            | -         | (20,173)        | 2,339,980                | 2,031,207            | 105,908           | (20,172)        | 2,116,943                                   |                    |
| Others                              | 4,391,566            | 36,688            | -         | -               | 4,428,254                | 2,512,652            | 230,909           | -               | 2,743,561                                   |                    |
| <b>Total – divided to</b>           | <b>930,323,643</b>   | <b>29,223,691</b> | <b>-</b>  | <b>(72,623)</b> | <b>959,474,711</b>       | <b>390,107,503</b>   | <b>30,526,371</b> | <b>(47,917)</b> | <b>420,585,957</b>                          | <b>538,888,754</b> |
| Property plant and equipment        | 832,062,811          | 21,866,700        | -         | (72,623)        | 853,856,888              | 355,601,221          | 26,301,688        | (47,917)        | 381,854,962                                 | 472,001,926        |
| Subscribers contributions assets    | 98,260,832           | 7,356,991         | -         | -               | 105,617,823              | 34,506,282           | 4,224,713         | -               | 38,730,995                                  | 66,886,828         |
| <b>Total</b>                        | <b>930,323,643</b>   | <b>29,223,691</b> | <b>-</b>  | <b>(72,623)</b> | <b>959,474,711</b>       | <b>390,107,503</b>   | <b>30,526,371</b> | <b>(47,917)</b> | <b>420,585,957</b>                          | <b>538,888,754</b> |

## 6) Income Tax Provision

The movement on income tax provision during the year is as follows:

| In Jordanian Dinar                    | As of December 31, |                  |
|---------------------------------------|--------------------|------------------|
|                                       | 2017               | 2016             |
| Beginning balance for the year        | 3,971,473          | 3,971,473        |
| Paid during the year                  | -                  | -                |
| Income tax                            | -                  | -                |
| <b>Balance at the End of the Year</b> | <b>3,971,473</b>   | <b>3,971,473</b> |

The Company's income tax has been settled up with Income tax department/Amman until the end of 2015, Moreover, the Company filed it's income tax return for the year 2016, which had not been audited from Income and Sales Tax Department yet. The Company's income tax has been settled up with Income and Sales Tax Department/Aqaba for the end of 2012, Moreover the Company filed it's income tax return for 2013, 2014, 2015 and 2016 which had not been audit by Income and sales Tax Department yet. Based on the opinion of the Company's management and its tax advisors, the provisions taken in the financial statements are sufficient to meet tax obligations.

### Sales Tax:

The Company is audited until the end of 2015, and the returns filed for the following periods until the date of financial statements and there is no tax obligation on the Company.

## 7) Investments in Subsidiaries/ Under Liquidation

This item represents the investment in Energized Maintenance Engineering Company, the following is the important information about the Company

| Discription                               | Legal entity              | Country of origin | Percentage ownership | As of December 31, |               |
|---|---------------------------|-------------------|----------------------|--------------------|---------------|
|   |                           |                   |                      | 2017               | 2016          |
| In Jordanian Dinar                        |                           |                   |                      |                    |               |
| Energized Maintenance Engineering Company | Limited liability company | Jordan            | 50%                  | 50,000             | 50,000        |
| <b>Total</b>                              |                           |                   |                      | <b>50,000</b>      | <b>50,000</b> |

The Company do not issue consolidated financial statements for the Company and its subsidiaries as one group where the result of the subsidiary is not material.

The Company liquidation had been finished on February 8, 2018.

## 8) Financial Assets in Fair Value Through Other Comprehensive Income

This item includes the following:

| In Jordanian Dinars           | Number of shares | Fair value | As of December 31, |                  |
|-------------------------------|------------------|------------|--------------------|------------------|
|                               |                  |            | 2017               | 2016             |
| Jordan Electric Power Company | 607,905          | 1.77       | 1,075,992          | 1,369,689        |
| Electric Company Irbid City   | 4,060            | 11.37      | 46,162             | 41,412           |
| <b>Total</b>                  |                  |            | <b>1,122,154</b>   | <b>1,411,101</b> |

The movement on fair value reserve was as following:

| In Jordanian Dinars               | As of December 31, |                  |
|-----------------------------------|--------------------|------------------|
|                                   | 2017               | 2016             |
| Beginning balance                 | 1,102,528          | 1,184,338        |
| Change in fair value              | (288,947)          | (81,810)         |
| <b>Balance at end of the year</b> | <b>813,581</b>     | <b>1,102,528</b> |

## 9) Company's Contribution in Employees Housing Fund

This Item represents the amounts transferred to employees housing fund as contributions in the fund.

## 10) Inventory

This item includes the following:

| In Jordanian Dinars   | As of December 31, |                   |
|---|--------------------|-------------------|
|   | 2017               | 2016              |
| Spare parts and transformation station materials and transmission network | 31,340,184         | 33,037,960        |
| Control and monitoring center materials                                   | 4,403,849          | 4,325,919         |
| Stationery and office supplies  | 58,317             | 28,509            |
| Letters of credit   | 1,091,869          | 222,721           |
| Liquid gas inventory  | 14,202,529         | 6,892,799         |
| <b>Total</b>  | <b>51,096,748</b>  | <b>44,507,908</b> |

## 11) Other Debit Balances

This item includes the following:

| In Jordanian Dinars   | As of December 31, |                   |
|---|--------------------|-------------------|
|   | 2017               | 2016              |
| Net fuel supply and consumption differences-generation stations (*) | 4,504,844          | 5,303,782         |
| Prepaid expenses  | 4,900,023          | 3,549,767         |
| Prepayments to supplier   | 6,361,871          | 963,272           |
| Deferred fuel delivery charges for generation plants                | 3,603,346          | -                 |
| Projects and studies for others                                     | 128,966            | 107,734           |
| Employees receivables   | 154,814            | 239,913           |
| Others  | 112,555            | 223,989           |
| <b>Total</b>  | <b>19,766,419</b>  | <b>10,388,457</b> |

\*This item represents the difference between fuel quantity that had been supplied for generation company's and paid by National Electric Power Company and the quantities that had been consumed by generation company's during the year.

## 12) Receivables-Net

This item includes the following:

| In Jordanian Dinars   | As of December 31, |                    |
|---|--------------------|--------------------|
|   | 2017               | 2016               |
| Power sales receivables(*)  | 446,499,508        | 306,685,194        |
| Chiefs of the Staff   | 1,818,092          | 1,818,092          |
| Insurance companies receivables-Rihab and Aqaba accidents               | 4,476,213          | 4,480,008          |
| Egyptian Natural Gas Holding Company                                    | 12,187,462         | 7,615,379          |
| Jordanian Egyptian Fajr Company For Natural Gas Transmission And Supply | 4,831,438          | -                  |
| Aqua Power-Zarqa station independent project for electricity generating | 1,363,520          | -                  |
| Others  | 2,624,691          | 2,589,394          |
| <b>Total</b>  | <b>473,800,924</b> | <b>323,188,067</b> |
| Allowance of doubtful debts(**)   | (16,593,523)       | (15,397,979)       |
| <b>Total</b>  | <b>457,207,401</b> | <b>307,808,088</b> |

The details of power sales receivables is as follows:

| In Jordanian Dinars                     | As of December 31, |                    |
|---|--------------------|--------------------|
|   | 2017               | 2016               |
| Jordanian Electric Power Company        | 213,952,014        | 128,786,512        |
| Electricity Distribution Company        | 115,031,688        | 91,629,413         |
| Irbid District Electricity Company      | 92,308,002         | 61,734,233         |
| Roadway Lighting subscriber receivables | 2,729,060          | 1,888,220          |
| Wholesalers subscribes receivables      | 15,437,330         | 16,595,415         |
| Trebil Border Crossing                  | 5,929,726          | 5,557,023          |
| Jerusalem District Electricity Company  | 1,111,688          | 494,378            |
| <b>Total</b>                            | <b>446,499,508</b> | <b>306,685,194</b> |

The receivables aging analysis is as follows:

| In Jordanian Dinars | As of December 31, |                    |
|---------------------|--------------------|--------------------|
|                     | 2017               | 2016               |
| Less than one year  | 454,143,203        | 304,220,610        |
| More than one year  | 19,657,721         | 18,967,457         |
| <b>Total</b>        | <b>473,800,924</b> | <b>323,188,067</b> |

(\*\*) The movement on the Allowance of doubtful debts during the year is as follow:

| In Jordanian Dinars      | As of December 31, |                   |
|--------------------------|--------------------|-------------------|
|                          | 2017               | 2016              |
| Beginning balance        | 15,379,979         | 12,990,953        |
| Addition during the year | 1,213,544          | 2,389,026         |
| <b>Ending Balance</b>    | <b>16,593,523</b>  | <b>15,379,979</b> |

### 13) Cash on Hands and at Banks

| In Jordanian Dinars    | As of December 31, |                |
|------------------------|--------------------|----------------|
|                        | 2017               | 2016           |
| Banks current accounts | 540,679            | 431,970        |
| Cash on hand           | 148,100            | 109,609        |
| <b>Total</b>           | <b>688,779</b>     | <b>541,579</b> |

## 14) Reserves

### A- Statutory reserve

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

### B- Voluntary reserve

According to the Jordanian Companies Law No. 22 of 1997, the General assembly of the Public Shareholding Company, upon the suggestion of its Board of Directors, may decide to deduct up to 20% of its net profit for that year to the voluntary reserve account.

### C- Special reserve

According to the Jordanian Companies Law No. 22 of 1997, the General assembly of the Public Shareholding Company, upon the suggestion of its Board of Directors, may decide to deduct up to 20% of its net profit for that year to the special reserve account. In order to use it for emergency situations or to expand or strengthen its financial position and to face risks that may face the Company .

## 15) Treasury Rights

This item represents the balance of the installments and interest for some of the previous loans that have been booked for treasury rights account shown in the equity in accordance with loans grants agreements. The balance of this item do not represent any obligation on the Company.

## 16) Loans

| In Jordanian Dinars | As of December 31,   |                      |
|---------------------|----------------------|----------------------|
|                     | 2017                 | 2016                 |
| Local loans         | 1,239,007,885        | 1,691,877,234        |
| Foreign loans       | 505,677,733          | 129,777,504          |
| <b>Total</b>        | <b>1,744,685,618</b> | <b>1,821,654,738</b> |

The classification of loans balances based on its maturity as follows:

| In Jordanian Dinars | As of December 31,   |                      |
|---------------------|----------------------|----------------------|
|                     | 2017                 | 2016                 |
| Non-Current portion | 850,330,462          | 1,035,298,231        |
| Current portion     | 498,757,080          | 404,914,508          |
| Matured portion     | 395,598,076          | 381,441,999          |
| <b>Total</b>        | <b>1,744,685,618</b> | <b>1,821,654,738</b> |

The loans above was granted with annual interest rates between 1.95%-8%, and it has guaranteed by the Company and Hashemite Kingdom of Jordan Government.

## 17) General Debt Bonds and Islamic Sukuk

National Electric Power Company had issued general debt bonds cooperation with Central Bank of Jordan as follows:

- Central Bank of Jordan bond number 13 in the amount of 75 million JOD annual interest rate 5.54% matured in 22 March 2022
- Central Bank of Jordan bond number 14 in the amount of 75 million JOD annual interest rate 5.58% matured in 16 April 2022
- Central Bank of Jordan bond number 15 in the amount of 75 million JOD annual interest rate 5.65% matured in 26 April 2022
- National Electric Power Company had issued Islamic Sukuk in cooperation with Central Bank of Jordan as follows:
- Islamic Sukuk in the amount of 75 million JOD annual Murabaha rate 3.5% matured in 23 May 2021
- Islamic Sukuk in the amount of 75 million JOD annual Murabaha rate 4.1% matured in 23 May 2022

The classification of the financial securities based on its maturity as follows:

| In Jordanian Dinars | As of December 31, |                    |
|---------------------|--------------------|--------------------|
|                     | 2017               | 2016               |
| Non-Current portion | 375,000,000        | 75,000,000         |
| Current portion     | -                  | 300,000,000        |
| <b>Total</b>        | <b>375,000,000</b> | <b>375,000,000</b> |

## 18) Provision for End-of-Service Indemnity

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

The movement on end of service indemnity allowance during the year is as follows:

| In Jordanian Dinars   | As of December 31, |                  |
|---|--------------------|------------------|
|   | 2017               | 2016             |
| Balance at the beginning of the year                              | 6,880,243          | 6,746,005        |
| Current service expense   | 2,453,078          | 385,190          |
| Less: Provision for end-of-service indemnity paid during the year | (956,490)          | (250,952)        |
| <b>Balance at the End of the Year</b>                             | <b>8,376,831</b>   | <b>6,880,243</b> |

## 19) Receipts of Participant Contributions for Projects Under Construction

This item includes the following:

| In Jordanian Dinars                                  | As of December 31, |                   |
|--|--------------------|-------------------|
|  | 2017               | 2016              |
| Adjustments of 400 K. V line. Project-Special Forces | 3,636,183          | 3,636,183         |
| Station KFW PV project                               | 1,429,564          | -                 |
| Maan station conversion project (Solar)              | -                  | 4,513,370         |
| Tafilah conversion station project                   | 3,000,000          | 3,000,000         |
| <b>Total</b>   | <b>8,065,747</b>   | <b>11,149,553</b> |

## 20) Other Credit Balances

This item includes the following:

| In Jordanian Dinars                                   | As of December 31, |                   |
|---|--------------------|-------------------|
|   | 2017               | 2016              |
| Accrued interests                                     | 52,478,049         | 48,344,165        |
| Contractors retentions                                | 6,694,480          | 5,286,119         |
| Subscriber contributions deposits                     | 6,864,835          | 6,864,835         |
| Fils Al-reef deposits                                 | 269,713            | 399,155           |
| Prepayments on projects and studies for other parties | 282,405            | 291,185           |
| Deferred revenue                                      | 31,208             | 92,537            |
| Others  | 1,273,881          | 1,942,527         |
| <b>Total</b>  | <b>67,894,571</b>  | <b>63,220,523</b> |

## 21) Trade Payables

| In Jordanian Dinars            | As of December 31,   |                      |
|--------------------------------|----------------------|----------------------|
|                                | 2017                 | 2016                 |
| Ministry of Finance (advances) | 2,737,965,414        | 2,743,891,612        |
| Energy and fuel purchases (*)  | 209,044,680          | 216,425,066          |
| Natural gas purchases (**)     | 169,794,515          | 105,086,251          |
| Solar power purchases          | 6,660,393            | 6,960,787            |
| Wind energy purchases          | 7,523,050            | 6,443,296            |
| Other payables                 | 7,546,188            | 3,167,024            |
| <b>Total</b>                   | <b>3,138,534,240</b> | <b>3,081,974,036</b> |

\* Energy and fuel purchases

| In Jordanian Dinars                       | As of December 31, |                    |
|---|--------------------|--------------------|
|   | 2017               | 2016               |
| Al-Samra Electric Power Company           | 46,151,935         | 30,490,169         |
| Central Electricity Generating Company    | 41,817,745         | 63,162,804         |
| Jordan Petroleum Refinery Company         | 88,399,882         | 88,399,882         |
| Al-Qatranah Electric Power Company        | 7,460,423          | 7,261,423          |
| Amman East Station Power Plant            | 5,264,476          | 5,231,416          |
| Amman East Power Plant Levant             | 7,101,824          | 8,153,003          |
| Amman Asia Electricity Generating Company | 12,417,525         | 11,903,796         |
| Others                                    | 430,870            | 1,822,573          |
| <b>Total</b>                              | <b>209,044,680</b> | <b>216,425,066</b> |

\*\* Natural gas purchases

| In Jordanian Dinars   | As of December 31, |                    |
|---|--------------------|--------------------|
|   | 2017               | 2016               |
| Jordanian Egyptian Fajr Company For Natural Gas Transmission And Supply | 21,995,384         | 12,948,488         |
| Sales and Income tax department / sales tax on gas                      | 102,069,233        | 46,979,974         |
| Shell International trading   | 36,372,947         | 34,459,346         |
| Aqaba Development Corporation   | 4,691,587          | 5,290,588          |
| Aqaba Port Marine Services Company                                      | 2,895,694          | 1,485,542          |
| Others  | 1,769,670          | 3,922,313          |
| <b>Total</b>  | <b>169,794,515</b> | <b>105,086,251</b> |

## 22) Due to Banks

| In Jordanian Dinars                    | As of December 31, |                   |
|--|--------------------|-------------------|
|  | 2017               | 2016              |
| Bank Of Jordan                         | 85,261,774         | -                 |
| Citi Bank                              | 3,200,000          | 3,300,000         |
| Housing Bank For Trading And Financing | 4,806,526          | 24,381            |
| Cairo Amman Bank – USD                 | -                  | 26,150,795        |
| Cairo Amman Bank – JOD                 | 44,778,320         | 16,530,049        |
| Arab Bank – JOD                        | 34,732,130         | -                 |
| Standard Chartered Bank – USD          | 35,399,994         | -                 |
| Standard Chartered Bank – JOD          | 16,999,999         | -                 |
| Arab Jordan Investment Bank– JOD       | 2,170              | -                 |
| <b>Total</b>                           | <b>225,180,913</b> | <b>46,005,225</b> |

Bank facilities above were granted with annual interest rates between 3.95% - 7.88%

## 23) Revenues from Sale of Energy

|  | For the Year Ended December 31, 2017 |                 |                      | For the Year Ended December 31, 2016 |                 |                      |
|--|--------------------------------------|-----------------|----------------------|--------------------------------------|-----------------|----------------------|
|  | Amount of Sold Energy                | Average Price   | Total                | Amount of Sold Energy                | Average Price   | Total                |
|  | Megawatt / Hour                      | Fils / Kilo Wat | JOD                  | Megawatt / Hour                      | Fils / Kilo Wat | JOD                  |
| Jordanian Electric Power Company       | 11,383,042                           | 79.296          | 902,633,050          | 10,974,976                           | 79.895          | 876,840,367          |
| Irbid District Electricity Company     | 3,378,106                            | 65.369          | 220,824,720          | 3,226,758                            | 65.569          | 211,574,005          |
| Electricity Distribution Company       | 3,558,919                            | 73.618          | 262,001,601          | 3,461,416                            | 74.337          | 257,309,723          |
| Wholesalers subscribes receivables     | 585,393                              | 135.686         | 79,429,516           | 737,968                              | 159.899         | 118,000,206          |
| Jerusalem District Electricity Company | 54,061                               | 83.933          | 4,537,465            | 42,381                               | 84.531          | 3,582,511            |
| Trebil Border Crossing                 | 3,281                                | 113.600         | 372,702              | 3,056                                | 113.600         | 347,104              |
|  | <b>18,962,802</b>                    | <b>77.510</b>   | <b>1,469,799,054</b> | <b>18,446,555</b>                    | <b>79.562</b>   | <b>1,467,653,916</b> |

## 24) Purchased Energy

|   | For the Year Ended December 31, 2017 |                 |                      | For the Year Ended December 31, 2016 |                 |                      |
|---|--------------------------------------|-----------------|----------------------|--------------------------------------|-----------------|----------------------|
|   | Quantity of Energy Purchased         | Average Price   | Total                | Quantity of Energy Purchased         | Average Price   | Total                |
|   | Megawatt / Hour                      | Fils / Kilo Wat | JOD                  | Megawatt / Hour                      | Fils / Kilo Wat | JOD                  |
| Cost of generated energy from fuel and gas        | 18,248,366                           | 69.000          | 1,259,135,478        | 18,105,280                           | 62.903          | 1,138,877,388        |
| Cost of generated energy from renewable resources | 1,038,727                            | 93.493          | 97,113,963           | 658,199                              | 76.301          | 50,220,945           |
|   | <b>19,287,092</b>                    | <b>70.319</b>   | <b>1,356,249,441</b> | <b>18,763,479</b>                    | <b>63.373</b>   | <b>1,189,098,333</b> |
| <b>Details of purchased energy as below :</b>     |                                      |                 |                      |                                      |                 |                      |
| Central Electricity Generating Company            | 4,096,649                            | 70.938          | 290,602,010          | 4,009,410                            | 64.119          | 257,080,256          |
| Al-Samra Electric Power Company                   | 7,477,966                            | 60.172          | 449,966,157          | 7,027,969                            | 55.394          | 389,305,842          |
| Amman East Station Power Plant                    | 2,576,023                            | 60.774          | 156,556,037          | 3,113,004                            | 53.262          | 165,805,139          |
| Al-Qatranah Electric Power Company                | 2,989,746                            | 63.894          | 191,027,688          | 2,839,921                            | 58.528          | 166,215,076          |
| Amman Asia Electricity Generating Company         | 280,056                              | 299.313         | 83,824,362           | 258,286                              | 311.704         | 80,508,846           |
| Amman East Power Plant Levant                     | 755,718                              | 110.134         | 83,230,392           | 501,206                              | 128.296         | 64,302,710           |
| Egyptian Electricity Transmission Company         | 51,267                               | 60.894          | 3,121,870            | 333,798                              | 44.565          | 14,875,717           |
| Wind energy purchases                             | 447,545                              | 83.639          | 37,432,256           | 390,649                              | 74.868          | 29,247,229           |
| Solar energy purchases                            | 591,182                              | 100.953         | 59,681,707           | 267,549                              | 78.392          | 20,973,716           |
| King Talal Dam and India-Jordan Chemicals Company | 20,941                               | 38.536          | 806,962              | 21,687                               | 36.142          | 783,802              |
|   | <b>19,287,093</b>                    | <b>70.319</b>   | <b>1,356,249,441</b> | <b>18,763,479</b>                    | <b>63.373</b>   | <b>1,189,098,333</b> |

The rise of Brent prices had a negative effect on the cost of purchases, as increased the cost of power purchased from the traditional power sources by JOD 123 million for the year ended December 31, 2017. The entry of renewable energy also had a negative impact on the cost of purchases and due to their higher average price in comparison with the average price for traditional power sources, it had a negative effect of about JOD 25 million for the year ended December 31, 2017.

## 25) Operating and Administrative Expenses

This item includes the following:

| In Jordanian Dinars   | For the Year Ended December 31, |                   |
|---|---------------------------------|-------------------|
|   | 2017                            | 2016              |
| Wages and salaries  | 18,379,535                      | 17,971,559        |
| Company contributions (social securities, saving, medical and life insurance) | 4,852,693                       | 4,611,199         |
| Assets insurance  | 1,053,620                       | 1,173,358         |
| Allowance for doubtful accounts   | 1,213,544                       | 2,389,026         |
| Registration fees - Energy and Mineral Regulatory Commission                  | 1,896,280                       | 1,844,655         |
| Security  | 843,990                         | 754,643           |
| End of service benefit  | 2,453,078                       | 385,190           |
| Professional and consultant services  | 802,691                         | 418,251           |
| Stamps and university fees  | 1,921                           | 119,454           |
| Impairment of slow moving materials   | 697,395                         | 675,870           |
| Fuel, electricity and water   | 364,941                         | 378,865           |
| Travel and per diem   | 102,581                         | 161,239           |
| Cleaning  | 144,063                         | 140,294           |
| Marketing and advertisement   | 58,353                          | 54,914            |
| Telecommunications  | 75,251                          | 73,479            |
| Stationery and prints   | 51,079                          | 48,951            |
| Subscriptions   | 62,269                          | 77,266            |
| Training  | 27,944                          | 49,138            |
| Cars licensing and registration fees  | 39,794                          | 33,097            |
| Board of directors' transportation and representations                        | 42,208                          | 44,550            |
| Seminars and conferences  | 27,808                          | 27,065            |
| Hospitality   | 45,713                          | 46,887            |
| Miscellaneous   | 217,214                         | 234,177           |
| <b>Total</b>  | <b>33,453,965</b>               | <b>31,713,127</b> |

## 26) Settlement of Prior Years' Receivables

This amount represents settlement made with Central Electricity Generating Company with regard to the failure of the availability from 2010 to 2017 amounted to JOD 27.5 million, in addition to the compensation for consequential losses for gas unit accident number 12 for Rihab station which amounted to 2.5 million JOD.

## 27) Other Revenues

The details of this account is as follows:

| In Jordanian Dinars                             | For the Year Ended December 31, |                  |
|---|---------------------------------|------------------|
|   | 2017                            | 2016             |
| Net international service revenue               | 1,550,970                       | 1,442,043        |
| Interest income from banks                      | 6,820                           | 91,233           |
| Land rents                                      | 50,000                          | 50,000           |
| Selling copies of tenders                       | 49,600                          | 39,435           |
| Dividends                                       | 35,063                          | 64,075           |
| Compensations from insurance companies          | 144,225                         | 83,733           |
| Amortization of deferred revenues               | 61,659                          | 64,132           |
| Aqua company fines                              | 1,363,520                       | -                |
| Interest on late payments                       | 258,621                         | 1,346,341        |
| Gains from sale of property plant and equipment | -                               | 26,794           |
| Others  | 36,499                          | 84,819           |
|   | <b>3,556,977</b>                | <b>3,292,605</b> |

## 28) Other Expenses

The details of this account is as follows:

| In Jordanian Dinars                  | For the Year Ended December 31, |                |
|--------------------------------------|---------------------------------|----------------|
|                                      | 2017                            | 2016           |
| Net housing and break areas expenses | 49,856                          | 68,947         |
| Others                               | 50,714                          | 77,660         |
| <b>Total</b>                         | <b>100,570</b>                  | <b>146,607</b> |

## 29) Basic And Diluted (Loss) Earnings Per Share (Restated)

The details of this account is as follows:

| In Jordanian Dinars                                | For the Year Ended December 31, |             |
|--|---------------------------------|-------------|
|  | 2017                            | 2016        |
| (Loss) profit for the year                         | (5,488,419)                     | 32,731,871  |
| Average number of shares                           | 230,000,000                     | 230,000,000 |
| <b>Basic and diluted (loss) earnings per share</b> | <b>(0.024)</b>                  | <b>0.14</b> |

## 30) Contingent Liabilities

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

| In Jordanian Dinars              | As of December 31, |                    |
|----------------------------------|--------------------|--------------------|
|                                  | 2017               | 2016               |
| Letters of credit and guarantees | 123,371,051        | 94,644,570         |
| Legal cases*                     | 35,061,927         | 29,100,000         |
| <b>Total</b>                     | <b>158,432,978</b> | <b>123,744,570</b> |

Based on the opinion of the management and it's legal counsel of the Company, the Company's legal position in these cases is good and there is no need to record provisions against them.

The Company calculates late interest fees on recognized balances for its benefit or on it with all government entities and electric generating and distribution companies, and book it in off balance sheet accounts, the delays penalties for the benefit of the Company amounted to JOD 82,020,677 as of December 31, 2017, and the penalties on the Company amounted to JOD 85,614,555 as of December 31, 2017.

## 31) Financial Risk Management

### Overview

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

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

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

### Risk management framework

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

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

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

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

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from the receivables, other debit balances and cash on hand and at banks.

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

| In Jordanian Dinars       | Book Value As of December 31, |                    |
|---------------------------|-------------------------------|--------------------|
|                           | 2017                          | 2016               |
| Other debit balances      | 19,766,419                    | 10,388,457         |
| Receivables               | 457,207,401                   | 307,808,088        |
| Cash on hand and at banks | 540,679                       | 431,970            |
|                           | <b>477,514,499</b>            | <b>318,628,515</b> |

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

### Liquidity risk

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

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains line of credit from its bank for sudden cash requirements. Therefore, the Company maintains line of credit facilities to meet short-term obligations in an overdraft accounts taken from several local banks.

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

### Non-derivative financial liabilities:

| In Jordanian Dinars   | Book Value           | Contracted Cash flows | 6 Months or less     | 6-12 Months        | More than one year   |
|---|----------------------|-----------------------|----------------------|--------------------|----------------------|
| <b>2017</b>   |                      |                       |                      |                    |                      |
| Provision for end-of service- indemnity                               | 8,376,831            | 8,376,831             | -                    | -                  | 8,376,831            |
| Receipts of participants' contribution to projects under construction | 8,065,747            | 8,065,747             | -                    | -                  | 8,065,747            |
| General debt bonds and Islamic Sukuk                                  | 375,000,000          | 375,000,000           | -                    | -                  | 375,000,000          |
| Loans   | 1,744,685,618        | 1,744,685,618         | 644,976,616          | 249,378,540        | 850,330,462          |
| Income tax provision  | 3,971,473            | 3,971,473             | 3,971,473            | -                  | -                    |
| Other credit balances   | 67,894,571           | 67,894,571            | 67,894,571           | -                  | -                    |
| Due to banks  | 225,180,913          | 225,180,913           | 225,180,913          | -                  | -                    |
| Trade payables  | 3,138,534,240        | 3,138,534,240         | 3,138,534,240        |                    |                      |
|   | <b>5,571,709,393</b> | <b>5,571,709,393</b>  | <b>4,080,557,813</b> | <b>249,378,540</b> | <b>1,241,773,040</b> |
| <b>2016</b>   |                      |                       |                      |                    |                      |
| Provision for end-of service- indemnity                               | 6,880,243            | 6,880,243             | -                    | -                  | 6,880,243            |
| Receipts of participants' contribution to projects under construction | 11,149,553           | 11,149,553            | -                    | -                  | 11,149,553           |
| General debt bonds and Islamic Sukuk                                  | 375,000,000          | 375,000,000           | 75,000,000           | -                  | 300,000,000          |
| Loans   | 1,821,654,738        | 1,821,654,738         | 583,899,253          | 202,457,254        | 1,035,298,231        |
| Income tax provision  | 3,971,473            | 3,971,473             | 3,971,473            | -                  | -                    |
| Other credit balances   | 63,220,523           | 63,220,523            | 63,220,523           | -                  | -                    |
| Due to banks  | 46,005,225           | 46,005,225            | 46,005,225           | -                  | -                    |
| Trade payables  | 3,081,974,036        | 3,081,974,036         | 3,081,974,036        | -                  | -                    |
|   | <b>5,409,855,791</b> | <b>5,409,855,791</b>  | <b>3,854,070,510</b> | <b>202,457,254</b> | <b>1,353,328,027</b> |

The Company liquidity position as of date of financial statements was as follow:

| In Jordanian Dinars               | As of December 31,     |                        |
|-----------------------------------|------------------------|------------------------|
|                                   | 2017                   | 2016                   |
| Current assets                    | 532,120,407            | 366,326,092            |
| Less: Current liabilities         | 4,329,936,353          | 4,281,527,764          |
| <b>Deficit in working capital</b> | <b>(3,797,815,946)</b> | <b>(3,915,201,672)</b> |

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

### Market risk

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

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

### Currency Risk

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

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

| In Jordanian Dinars       | Euro             | Kuwait Dinar      | Islamic Dinar     |
|---------------------------|------------------|-------------------|-------------------|
| 2017                      |                  |                   |                   |
| Cash on hand and at banks | 1,224            | -                 | -                 |
| Loans                     | 1,695,625        | 24,285,102        | 25,739,409        |
|                           | <b>1,696,849</b> | <b>24,285,102</b> | <b>25,739,409</b> |
| 2016                      |                  |                   |                   |
| Cash on hand and at banks | 1,067            | -                 | -                 |
| Loans                     | 1,522,149        | 30,154,267        | 27,101,088        |
|                           | <b>1,523,216</b> | <b>30,154,267</b> | <b>27,101,088</b> |

### Sensitivity analysis

A strengthening (weakness) of the JOD, as indicated below, against the EURO, Kuwait Dinar and Islamic Dinar as of December 31 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2016, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

| In Jordanian Dinars        | Increase    |             | Decrease  |           |
|----------------------------|-------------|-------------|-----------|-----------|
|                            | Equity      | Loss        | Equity    | Income    |
| 2017                       |             |             |           |           |
| EURO (10% change)          | (169,440)   | (169,440)   | 169,440   | 169,440   |
| Kuwait Dinar (10% change)  | (2,428,510) | (2,428,510) | 2,428,510 | 2,428,510 |
| Islamic Dinar (10% change) | (2,573,941) | (2,573,941) | 2,573,941 | 2,573,941 |

| In Jordanian Dinars        | Increase    |             | Decrease  |           |
|----------------------------|-------------|-------------|-----------|-----------|
|                            | Equity      | Loss        | Equity    | Income    |
| 2016                       |             |             |           |           |
| EURO (10% change)          | (152,108)   | (152,108)   | 152,108   | 152,108   |
| Kuwait Dinar (10% change)  | (3,015,427) | (3,015,427) | 3,015,427 | 3,015,427 |
| Islamic Dinar (10% change) | (2,710,109) | (2,710,109) | 2,710,109 | 2,710,109 |

## Interest rate risk

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

| In Jordanian Dinars                  | 2017                 | 2016                 |
|--------------------------------------|----------------------|----------------------|
| Fixed Rate Instruments:              |                      |                      |
| Loans                                | 1,744,685,618        | 1,821,654,738        |
| General debt bonds and Islamic Sukuk | 375,000,000          | 375,000,000          |
| Due to banks                         | 225,180,913          | 46,005,225           |
|                                      | <b>2,344,866,531</b> | <b>2,242,659,963</b> |

## Sensitivity Analysis

An increase in the interest average rate by 1% will lead to increase in finance expense with an amount of JOD 23,448,665 a decrease in the interest average rate by 1% will lead to decrease in finance expense with an amount of JOD 23,448,665.

## Fair Value Sensitivity Analysis For Fixed Rate Instruments

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

## Other Market Price Risk

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

## Capital Management

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

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

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

## 32) Fair Value Hierarchy

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

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

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

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

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

| In Jordanian Dinar   | December 31, 2017 |             |         |         |
|--|-------------------|-------------|---------|---------|
|  | Carrying Amount   | Fair Value  |         |         |
|  |                   | Level 1     | Level 2 | Level 3 |
| <b>Financial Assets</b>  |                   |             |         |         |
| Cash on hand and at banks  | 688,779           | 688,779     | -       | -       |
| Investments in financial assets at fair value through other comprehensive income | 1,122,154         | 1,122,154   | -       | -       |
| <b>Financial liabilities</b>   |                   |             |         |         |
| Due to banks   | 225,180,913       | 225,180,913 | -       | -       |

| In Jordanian Dinar   | December 31, 2016 |            |         |         |
|--|-------------------|------------|---------|---------|
|  | Carrying Amount   | Fair Value |         |         |
|  |                   | Level 1    | Level 2 | Level 3 |
| <b>Financial Assets</b>  |                   |            |         |         |
| Cash on hand and at banks  | 541,579           | 541,579    | -       | -       |
| Investments in financial assets at fair value through other comprehensive income | 1,411,101         | 1,411,101  | -       | -       |
| <b>Financial liabilities</b>   |                   |            |         |         |
| Due to banks   | 46,005,225        | 46,005,225 | -       | -       |

There were no transfers between level 1 and level 2 during the year 2016 and 2017.

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

| In Jordanian Dinar                            | December 31, 2017 |            |               |         |
|---|-------------------|------------|---------------|---------|
|   | Carrying Amount   | Fair Value |               |         |
|   |                   | Level 1    | Level 2       | Level 3 |
| <b>Financial assets</b>                       |                   |            |               |         |
| Investments in subsidiary / under liquidation | 50,000            | -          | 50,000        | -       |
| Receivables                                   | 457,207,401       | -          | 457,207,401   | -       |
| <b>Financial Liabilities</b>                  |                   |            |               |         |
| Trade payables                                | 3,138,534,240     | -          | 3,138,534,240 | -       |
| Loans   | 1,744,685,618     | -          | 1,744,685,618 | -       |
| General debt bonds                            | 375,000,000       | -          | 375,000,000   | -       |

| In Jordanian Dinar                            | December 31, 2016 |            |               |         |
|---|-------------------|------------|---------------|---------|
|   | Carrying Amount   | Fair Value |               |         |
|   |                   | Level 1    | Level 2       | Level 3 |
| <b>Financial assets</b>                       |                   |            |               |         |
| Investments in subsidiary / under liquidation | 50,000            | -          | 50,000        | -       |
| Receivables                                   | 307,808,088       | -          | 307,808,088   | -       |
| <b>Financial Liabilities</b>                  |                   |            |               |         |
| Accounts payables                             | 3,081,974,036     | -          | 3,081,974,036 | -       |
| Loans   | 1,821,654,738     | -          | 1,821,654,738 | -       |
| General debt bonds                            | 375,000,000       | -          | 375,000,000   | -       |

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

There were no transfers between level 1 and level 2 during the year 2016 and 2017.

### 33) Comparative Figures

The Company had prepared its budgets at the end of the year 2016 for the next three years (2017, 2018 and 2019) which shown the Company expectation to make profits for these years, at which the Company relied upon to apply the International Accounting Standard number (12) to recognize deferred tax benefits on the financial statements for the year ended December 31, 2016. The reasons used by the former external auditor of the Company were insufficient to apply this standard for the following reasons:

- 1- Profits shown in the budgets for the years (2017,2018 and 2019), at which the external auditor relied on it, do not reflect thoughtful expectations because it was based on assumptions, the most important of which are Brent prices , growth rates for electric power load, in coordination with the General Budget Department to determine the price of Brent and also with Energy and Mineral Regulatory Commission to determine the growth rates for electric power loads.
- 2- The Company's business structure is to reach the breakeven point not to make profit or loss.
- 3- Historical statements for the Company reflects losses incurred for the previous years.
- 4- The information available for the Company about the entrance of renewable power and the exit of some wholesalers subscribes do not support making profits.

Following the matters above had caused to reach to wrong estimates about the Company's ability to utilize these tax assets in foreseeable future, that confirmed by the actual results for the year 2017 and the budgets made by the Company for the years (2018, 2019 and 2020) which showed expectations for losses resulting from operations. such considered an accounting error. The Company adjusted this accounting error, and as a result, some amendments have occurred to the financial statement, detailed are below:

| In Jordanian Dinars   | December 31, 2016          |              |                           |
|---|----------------------------|--------------|---------------------------|
|   | Balance before restatement | Restatement  | Balance after restatement |
| <b>Restatement</b>  |                            |              |                           |
| <b>Financial position items</b>   |                            |              |                           |
| Deferred tax assets   | 84,997,200                 | (84,997,200) | -                         |
| Accumulated losses  | (4,770,419,529)            | (84,997,200) | (4,855,416,729)           |
| <b>Statement of profit or loss and other comprehensive income items</b> |                            |              |                           |
| Tax surplus   | (84,997,200)               | 84,997,200   | -                         |
| Comprehensive income for the year                                       | 117,647,261                | (84,997,200) | 32,650,061                |

### 34) Segment Reporting:

The company operates in Jordan. The summary of their operating result in Amman and Aqaba as below:

| In Jordanian Dinar   | 2017                 |                   |                      | 2016                 |                   |                      |
|--|----------------------|-------------------|----------------------|----------------------|-------------------|----------------------|
|  | Amman                | Aqaba             | Total                | Amman                | Aqaba             | Total                |
| <b>Operating revenue</b>   |                      |                   |                      |                      |                   |                      |
| Revenues from sale of energy   | 1,418,286,844        | 51,512,210        | 1,469,799,054        | 1,417,326,737        | 50,327,179        | 1,467,653,916        |
| Revenue from other energy  | 7,693,581            | 279,042           | 7,972,623            | 1,170,903            | 41,212            | 1,212,115            |
| <b>Gross operating revenue</b>   | <b>1,425,980,425</b> | <b>51,791,252</b> | <b>1,477,771,677</b> | <b>1,418,497,641</b> | <b>50,368,390</b> | <b>1,468,866,031</b> |
| <b>Less: Operating expenses</b>  |                      |                   |                      |                      |                   |                      |
| Purchased energy   | 1,308,780,711        | 47,468,730        | 1,356,249,441        | 1,148,668,990        | 40,429,343        | 1,189,098,333        |
| dn a nartQ-IA ot yreviled sag fo tsoC<br>III snoitats armaS-IA             | 7,669,481            | 278,168           | 7,947,649            | 18,281,944           | 643,464           | 18,925,408           |
| Maintenance expenses   | 2,130,893            | 77,286            | 2,208,179            | 2,584,259            | 90,957            | 2,675,216            |
| Operating and administrative expenses                                      | 32,283,076           | 1,170,889         | 33,453,965           | 30,634,881           | 1,078,246         | 31,713,127           |
| Depreciation after amortization of<br>Subscriber's contributions           | 25,647,688           | 930,227           | 26,577,915           | 25,407,402           | 894,256           | 26,301,658           |
| <b>Gross operating expenses</b>  | <b>1,376,511,849</b> | <b>49,925,300</b> | <b>1,426,437,149</b> | <b>1,225,577,476</b> | <b>43,136,266</b> | <b>1,268,713,742</b> |
| <b>Operating Income</b>  | <b>49,468,576</b>    | <b>1,865,952</b>  | <b>51,334,528</b>    | <b>192,920,165</b>   | <b>7,232,124</b>  | <b>200,152,289</b>   |
| Settlement of prior years' receivables                                     | 28,936,298           | 1,049,503         | 29,985,801           | 4,235,746            | 149,084           | 4,384,830            |
| Recovery of cost of delivery of the gas<br>line to the generating stations | 9,242,462            | 335,219           | 9,577,681            | -                    | -                 | -                    |
| Net foreign exchange (losses) gains  | (1,560,277)          | 3,310             | (1,556,967)          | 444,635              | (583)             | 444,052              |
| Other revenue  | 3,556,977            | -                 | 3,556,977            | 3,292,605            | -                 | 3,292,605            |
| Other expenses   | (100,570)            | -                 | (100,570)            | (146,607)            | -                 | (146,607)            |
| Finance costs  | (94,845,864)         | (3,440,005)       | (98,285,869)         | (169,431,858)        | (5,963,440)       | (175,395,298)        |
| <b>(Loss) Profit for the year</b>  | <b>(5,302,398)</b>   | <b>(186,021)</b>  | <b>(5,488,419)</b>   | <b>31,314,686</b>    | <b>1,417,185</b>  | <b>32,731,871</b>    |

**Preparation & Follow-up:  
Power System Planning Dept.  
Statistics & Comparative Planning Section**

**Design and printing  
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