

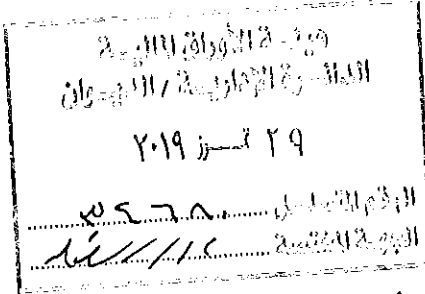


Ref. : .....

Date : .....

الرقم : ١٩٣٤ / ٦ - ٤ - ٣

التاريخ : ٢٩ - ٧ - ٢٠١٩



لديكم  
بمعرفة

السادة / هيئة الأوراق المالية

السيد /

٧/٢٩

الموضوع : البيانات المالية المرحلية 30- حزيران - 2019

مرفق نسخة عن البيانات المالية المرحلية للفترة المنتهية بتاريخ 30/حزيران/2019 . بالإضافة الى نسخة

على CD .

واقبلوا فائق الاحترام و التقدير ،،،،

عن /الرئيس التنفيذي

نديم رزقي

المدير المالي

علي زهير

**CENTRAL ELECTRICITY GENERATING COMPANY**

**PUBLIC SHAREHOLDING COMPANY**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**30 JUNE 2019**

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF  
CENTRAL ELECTRICITY GENERATING COMPANY  
PUBLIC SHAREHOLDING COMPANY  
AMMAN - JORDAN**

**Introduction**

We have reviewed the accompanying interim condensed financial statements of Central Electricity Generating Company (the "Company") as at 30 June 2019, comprising of the interim statement of financial position as at 30 June 2019, and the related interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six-months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34 "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

  
Amman – Jordan  
24 July 2019

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Notes	30 June 2019 JD (Unaudited)	31 December 2018 JD (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS -</b>			
Property, plant and equipment		105,010,582	110,305,400
Right of use asset	2	1,505,302	-
Projects in progress		2,075,225	2,678,880
Employees' housing fund loan		312,432	312,432
Investment in an associate		497,124	497,124
Deferred tax assets		1,924,051	1,189,306
Strategic fuel inventories		14,211,838	14,559,256
		<u>125,536,554</u>	<u>129,542,398</u>
<b>CURRENT ASSETS -</b>			
Inventories		18,561,669	19,715,272
Other current assets		3,946,896	3,047,135
Accounts receivable	3	78,661,261	78,999,251
Cash and bank balances	4	69,662	51,534
		<u>101,239,488</u>	<u>101,813,192</u>
<b>TOTAL ASSETS</b>		<u><u>226,776,042</u></u>	<u><u>231,355,590</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY -</b>			
Paid in capital		30,000,000	30,000,000
Statutory reserve		7,500,000	7,500,000
Voluntary reserve		10,672,932	10,672,932
Cash flow hedge reserve		(2,625,834)	(2,398,715)
Retained earnings		14,869,386	3,000,351
<b>TOTAL EQUITY</b>		<u>60,416,484</u>	<u>48,774,568</u>
<b>LIABILITIES -</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term loans		27,895,915	29,811,218
Leases liability	2	1,246,381	-
Employees' end-of-service indemnity provision		6,079,683	6,600,196
Decommissioning provision		2,539,404	2,460,690
Derivative financial liability	5	1,222,748	1,744,705
		<u>38,984,131</u>	<u>40,616,809</u>
<b>CURRENT LIABILITIES</b>			
Current portion of long term loans		5,057,501	24,801,900
Other current liabilities		3,977,148	7,099,207
Leases liability	2	181,734	-
Accounts payable	3	60,170,117	61,559,092
Derivative financial liability	5	1,520,496	1,561,439
Due to banks	4	55,896,736	46,230,119
Income tax provision		571,695	712,456
		<u>127,375,427</u>	<u>141,964,213</u>
<b>TOTAL LIABILITIES</b>		<u>166,359,558</u>	<u>182,581,022</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>226,776,042</u></u>	<u><u>231,355,590</u></u>

The attached notes from 1 to 10 form part of these interim condensed financial statements

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	Note	For the three-months period ended 30 June		For the six months period ended 30 June	
		2019	2018	2019	2018
		JD	JD	JD	JD
Power generation revenues		18,581,662	21,246,488	36,129,296	72,005,766
Stations operating costs		(3,852,226)	(7,466,208)	(7,563,872)	(43,805,552)
Depreciation of right of use assets		(45,433)	-	(90,867)	-
Depreciation		(3,150,162)	(3,078,031)	(6,291,595)	(6,160,523)
Administrative expenses		(2,163,055)	(2,271,227)	(4,082,987)	(4,615,305)
Maintenance costs		(977,892)	(1,558,071)	(2,147,098)	(4,252,026)
Provision for slow-moving inventories		(670,108)	(469,214)	(1,224,442)	(949,429)
Employees' end-of-service indemnity provision		(181,943)	(178,541)	(362,269)	(354,362)
Total operating costs		(11,040,819)	(15,021,292)	(21,763,130)	(60,137,197)
<b>OPERATING PROFIT</b>		<b>7,540,843</b>	<b>6,225,196</b>	<b>14,366,166</b>	<b>11,868,569</b>
Foreign currency exchange loss, net		(634,524)	229,327	(647,211)	(502,080)
Share of loss of an associate		-	(20,314)	-	(20,314)
Other income, net		619,819	446,563	1,476,582	891,754
Finance costs, net		(1,430,081)	(1,655,416)	(2,963,317)	(3,417,886)
<b>PROFIT BEFORE INCOME TAX</b>		<b>6,096,057</b>	<b>5,225,356</b>	<b>12,232,220</b>	<b>8,820,043</b>
Income tax expense	6	125,862	(241,238)	(363,185)	(506,867)
<b>PROFIT FOR THE PERIOD</b>		<b>6,221,919</b>	<b>4,984,118</b>	<b>11,869,035</b>	<b>8,313,176</b>
<b>Other comprehensive income items to be reclassified to profit or loss in subsequent periods (net of tax):</b>					
(Loss) gain on cash flow hedges		(36,607)	(71,544)	(227,119)	377,153
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>6,185,312</b>	<b>4,912,574</b>	<b>11,641,916</b>	<b>8,690,329</b>
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted earnings per share		0/207	0/166	0/396	0/277

The attached notes from 1 to10 form part of these interim condensed financial statements

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	Paid in capital	Statutory reserve	Voluntary Reserve	Cash flow hedge reserve	Retained earnings	Total
	JD	JD	JD	JD	JD	JD
<b>For the six months ended 30 June 2019</b>						
Balance at 1 January 2019	30,000,000	7,500,000	10,672,932	(2,398,715)	3,000,351	48,774,568
Total comprehensive income for the period	-	-	-	(227,119)	11,869,035	11,641,916
<b>Balance at 30 June 2019</b>	<b>30,000,000</b>	<b>7,500,000</b>	<b>10,672,932</b>	<b>(2,625,834)</b>	<b>14,869,386</b>	<b>60,416,484</b>
<b>For the six months ended 30 June 2018</b>						
Balance at 1 January 2018	30,000,000	7,500,000	18,672,932	(2,978,319)	7,129,709	60,324,322
Total comprehensive income for the period	-	-	-	377,153	8,313,176	8,690,329
Dividends (Note 8)	-	-	(8,000,000)	-	(7,000,000)	(15,000,000)
<b>Balance at 30 June 2018</b>	<b>30,000,000</b>	<b>7,500,000</b>	<b>10,672,932</b>	<b>(2,601,166)</b>	<b>8,442,885</b>	<b>54,014,651</b>

The attached notes from 1 to 10 form part of these interim condensed financial statements

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	For the six months period ended 30 June	
	Note	
	2019	2018
	JD	JD
<b>OPERATING ACTIVITIES</b>		
Profit for the period before income tax	12,232,220	8,820,043
<b>Adjustments for:</b>		
Depreciation	6,291,595	6,160,523
Depreciation of Right of-use assets	90,867	-
Provision for slow-moving inventories	1,224,442	949,429
Employee's end-of-service indemnity provision	362,269	354,362
Provision for employee's vacation	68,346	105,227
Foreign currency exchange loss	647,211	502,080
Gain from sale of Strategic Fuel	(8,943)	-
Share of loss (profit) of an associate	-	20,314
Finance costs	2,964,529	3,418,027
Interest income	(1,212)	(141)
Gain on disposal of property, plant and equipment	(22,026)	(9,665)
<b>Working capital changes:</b>		
Accounts receivable	337,990	(39,027,146)
Other current assets	(1,492,480)	245,577
Inventories	276,579	417,339
Accounts payable	(1,388,975)	34,313,801
Other current liabilities	(222,586)	(77,146)
Employee's end-of-service indemnity provision paid	(882,782)	(544,132)
Employee's vacations provision paid	(62,611)	(61,248)
Provisions and other fees paid	(551,729)	(699,641)
Employees termination benefits provision paid	(2,170,000)	(1,156,789)
Income tax paid	(814,028)	(651,146)
<b>Net cash flows from operating activities</b>	<b>16,878,676</b>	<b>13,079,668</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, and projects in progress	(393,583)	(694,033)
Proceeds from sale of property, plant and equipment	22,487	10,079
Proceeds from sale of decommissioned units' fuel	8,943	2,161,718
Interest received	1,212	141
<b>Net cash flows (used in) from investing activities</b>	<b>(360,941)</b>	<b>1,477,905</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	-	(8,000,000)
Repayments of loans	(23,143,798)	(18,366,391)
Interest paid	(3,034,788)	(3,258,548)
<b>Net cash flows used in financing activities</b>	<b>(26,178,586)</b>	<b>(29,624,939)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(9,660,851)</b>	<b>(15,067,366)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	12,362	496
Cash and cash equivalents at 1 January	(46,178,585)	(20,876,202)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>4 (55,827,074)</b>	<b>(41,843,072)</b>

The attached notes from 1 to 10 form part of these interim condensed financial statements

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (UNAUDITED)**

---

**1. GENERAL**

Central Electricity Generating Company (the “Company” or “CEGCO”) was registered in accordance with the Jordanian Companies Law No. (22) of 1997 and in implementation of the Council of Ministers resolution dated 4 October 1997, regarding the establishment of a separate company from the National Electric Power Company, to conduct electrical generating activities, which is the main activity the Company is engaged in.

The Company was registered with the Ministry of Industry and Trade on 12 February 1998 as a public shareholding company under number (334), and commenced its industrial and commercial activities on 1 January 1999.

In accordance with the privatization initiatives, the Government during 2007 sold 51% of CEGCO shares to ENARA Energy Investments (Private Shareholding Company). Another 9% of the Government’s shares was sold to the Social Security Corporation. In connection with the sale, CEGCO has signed new Power Purchase Agreements (PPA) with National Electric Power Company (NEPCO).

The interim condensed financial statements for the six months period ended 30 June 2019 were authorized for issuance by the Company’s Board of Directors in their meeting held on 24 July 2019.

**2. BASIS OF PREPARATION**

The interim condensed financial statements for the six months period ended 30 June 2019 have been prepared in accordance with International Accounting Standard No. (34) “Interim Financial Reporting”.

The interim condensed financial statements do not contain all the information and disclosures that are required by the International Financial Reporting Standards (IFRSs) for preparing the annual financial statements, and should be read in conjunction with the Company’s annual report as at 31 December 2018. Furthermore, the results of operations for the six months period ended 30 June 2019 do not necessarily reflect the expected results of operations for the year ending 31 December 2019.

**Changes in Accounting Policies**

Accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018 except for the adoption of new standards effective as of 1 January 2019 shown below:



**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (UNAUDITED)**

---

**IFRS 16 Leases**

IFRS 16 supersedes IAS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 is as follows:

Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

	<b>2019</b>
	<b>JD</b>
	<b>(Unaudited)</b>
<b>Non-current assets</b>	
Right of use assets	1,596,169
Prepaid expenses	(168,054)
Total non-current assets	<u>1,428,115</u>
<b>Non-current liabilities</b>	
lease liabilities	<u>1,428,115</u>
<b>Total equity</b>	<u>1,428,115</u>

*a) Nature of the effect of adoption of IFRS 16*

The Company has lease contracts for various items of plant, equipment. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (UNAUDITED)**

---

Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

- *Leases previously classified as finance leases*

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

- *Leases previously accounted for as operating leases*

The Company recognised right-of-use assets and operating lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (UNAUDITED)**

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	JD
<b>Operating lease commitments as at 31 December 2018</b>	2,015,429
Weighted average incremental borrowing rate as at 1 January 2019	6.5%
<b>Discounted operating lease commitments at 1 January 2019</b>	1,428,115
Less: Commitments relating to short-term leases	-
Less: Commitments relating to leases of low value assets	-
<b>Lease liabilities as at 1 January 2019</b>	<u>1,428,115</u>

b) Amounts recognized in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period 30 June 2019:

	Land JD	Lease liabilities JD
<b>At 1 January 2019</b>	1,428,115	1,428,115
Prepaid expenses	168,054	-
Amortization	(90,867)	-
Interest expense	-	-
Payments	-	-
<b>At 30 June 2019 (Unaudited)</b>	<u>1,505,302</u>	<u>1,428,115</u>

The Company recognized rent expense from short-term leases of JD 90,867 for the six months ended 30 June 2019.

c) Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

### **Right-of-use assets**

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

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

### **Lease liabilities**

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

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

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

### **Short-term leases and leases of low-value assets**

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

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

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

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

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

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

### **IFRIC Interpretation 23 Uncertainty over Income Tax Treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

These amendments do not have any impact on the Company financial statements.

### **Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture**

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

These amendments do not have any impact on the Company financial statements.

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (UNAUDITED)**

---

**Amendments to IAS 28: Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments do not have any impact on the Company financial statements.

**3. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE**

The accounts receivable balance represents amount due from National Electric Power Company (NEPCO). In accordance with the Purchase Power Agreements signed with NEPCO, NEPCO is liable to pay all the cost of fuel and gas used in power generation to Jordan Petroleum Refinery Company (JPRC) and National Petroleum Company. Accordingly, accounts receivable from NEPCO include an amount of JD 60,170,117 as at 30 June 2019 to offset accounts payable to JPRC with an amount of JD 57,687,554 and to National Petroleum Company with an amount of JD 2,482,563.

**4. CASH AND CASH EQUIVALENTS**

	30 June 2019 JD (Unaudited)	30 June 2018 JD (Unaudited)
Cash at banks	69,662	36,689
Cash on hand	-	32
	<u>69,662</u>	<u>36,721</u>
Less: due to banks	(55,896,736)	(41,979,793)
	<u>(55,827,074)</u>	<u>(41,943,072)</u>

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (UNAUDITED)**

**5. DERIVATIVE FINANCIAL INSTRUMENTS**

The details of the derivative financial instruments at 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019 (Unaudited)		
	Current	Non-current	Total
	JD	JD	JD
Currency forward contracts*	1,520,496	1,222,748	2,743,244
Interest rate swaps contracts**	-	-	-
	<u>1,520,496</u>	<u>1,222,748</u>	<u>2,743,244</u>
	31 December 2018 (Audited)		
	Current	Non-current	Total
	JD	JD	JD
Currency forward contracts*	1,516,600	1,744,705	3,261,305
Interest rate swaps contracts**	44,839	-	44,839
	<u>1,561,439</u>	<u>1,744,705</u>	<u>3,306,144</u>

\* Loans with Overseas Economic Cooperation Fund (Japan) are denominated in JPY. To mitigate its exposure to fluctuations in currency rates, the Company entered into forward contracts.

For the purpose of hedge accounting, the forward contracts are classified as cash flow hedges as CEGCO is hedging the exposure to variability in cash flows that is attributable to the foreign currency fluctuations risk associated with a highly probable forecast transaction.

The negative fair value of the currency forward contracts amounted to JD 2,743,244 as of 30 June 2019 and was recorded as a current and non-current liability in the interim condensed statement of financial position.

The cash flow hedges were assessed to be highly effective and a cumulative unrealized loss of JD 271,959 has been included in the interim condensed statement of comprehensive income.

\*\* CEGCO loans with Standard Chartered are in the form of variable interest rate loans. To mitigate its exposure to fluctuations in market interest rates, the Company entered into interest rate swap contracts that effectively fix the interest rate on 90% of the principal amount of term loan with Standard Chartered.

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (UNAUDITED)**

For the purpose of hedge accounting, the Company's interest rate swap contracts are classified as cash flow hedges, as the Company is hedging exposure to variability in cash flows that is attributable to the interest rate risk associated with a highly probable forecast transaction.

As a result of the maturity of interest rate swaps on 20 February 2019, current liabilities for those contracts were not recognized in the interim statement of financial position as at 30 June 2019.

## **6. INCOME TAX**

The Company has provided for income tax for the period ended 30 June 2019 in accordance with Income Tax Law No. (34) of 2014 amended by Income Tax Law No. (38) of 2018.

The Company has provided for income tax for the period ended 30 June 2018 in accordance with Income Tax Law No. (34) of 2014 and in accordance with Aqaba Special Economic Zone Law No. (32) of 2000 for the Company's location in Aqaba.

Income tax expense presented in the interim condensed statement of comprehensive income consist of the following:

	For the six months period ended 30 June (Unaudited)	
	2019	2018
	JD	JD
Income tax expense for the period	1,097,930	453,935
Amount released (added to) from deferred tax assets	(734,745)	52,932
	<u>363,185</u>	<u>506,867</u>

### **Aqaba-**

The Company submitted its tax returns for the years up to 2018. The Income and Sales Tax Department / Aqaba Special Economic Zone Authority reviewed the records of Aqaba location for the years up to 2015. The Company reached a final settlement with Income and Sales Tax Department with respect to Aqaba location for the years up to 2015.

### **Other locations-**

The Company submitted its tax returns for the years up to 2018 except for Aqaba location. The Income and Sales Tax Department has not reviewed the Company's records up to the date of the interim condensed financial statements. The Company reached a final settlement with Income and Sales Tax Department for the years up to 2017.



**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (UNAUDITED)**

**7. RELATED PARTY TRANSACTIONS**

Related parties represent associated companies, major shareholders, directors and key management personnel of CEGCO, and entities controlled, jointly controlled or significantly influenced by such parties.

Pricing policies and terms of the transactions with related parties are approved by CEGCO's management.

**Interim condensed statement of financial position items**

	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
<b>Amounts due from related parties:</b>		
National Electric Power Company - Government of Jordan*	78,661,261	78,999,251
The Local Company for Water and Solar Projects	109,288	252,191
South Tafila for energy Projects	3,500	-
ACWA Power Jordan Holdings	220,797	135,415
Al Zarqa Power Plant for Energy Generation	2,383,507	729,003
Risha Company for Solar Projects	5,550	3,201
Government of Jordan	-	424,664
	<u>81,383,903</u>	<u>80,543,725</u>

\* This balance is net of allowance for doubtful debts of JD 1,046,481 as at 30 June 2019 (2018: JD 1,046,481).

	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
<b>Amounts due to related parties:</b>		
National Petroleum Company - Government of Jordan	2,482,563	3,001,073
Enara Energy Investments	27,510	14,097
Projects – Dubai	-	138
ACWA Power Global Services LLC	3,365	492
ACWA Power Company / Riyadh	9,178	376
	<u>2,522,616</u>	<u>3,016,176</u>

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (UNAUDITED)**

**Interim condensed statement of comprehensive  
income items**

For the six months period  
ended 30 June (Unaudited)

	2019	2018
	JD	JD
<b><u>Power generation revenues:</u></b>		
National Electric Power Company (Government of Jordan)	36,129,296	71,955,801
<b><u>Stations operating costs:</u></b>		
National Petroleum Company (Government of Jordan)	4,824,287	6,198,919
<b><u>Other income:</u></b>		
Enara Energy Investment	8,186	4,000
The Local Company for Water and Solar Projects ***	331,380	2,100
Red Sea Energy (Jordan)	-	1,000
ACWA Power Jordan Holdings	85,383	900
Al Zarqa Power Plant for Energy Generation *	2,154,713	662,131
Risha for Solar Energy Projects****	2,350	1,600
Raeda Energy Company	-	1,000
South Tafila for energy Projects	3,500	-
ACWA Power Company / Riyadh	-	-
	2,585,512	672,731
<b><u>Administrative expenses:</u></b>		
Enara Energy Investment	21,600	21,600
ACWA Power Global Services LLC	2,873	67
ACWA Power Company / Riyadh	8,802	1,821
ACWA Power International Company for Water and Power Projects – Dubai	26,980	-
NOMAC Gulf Operation & Maintenance LLC*****	-	4,281
Board of Directors remuneration and transportation	21,000	21,010
	81,255	48,779

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (UNAUDITED)**

---

- \* On 21 December 2015, the Company entered into a 25 years' land operating lease with Al Zarqa Power Plant for Energy Generation for an annual rent of JD 50,000. Furthermore, on 20 May 2016, the Company entered into service and operating and maintenance agreement with Al Zarqa Power Plant for Energy Generation.
- \*\* On 28 October 2014, the Company entered into a service agreement with ACWA Power Company (Parent Company) to obtain professional, financial, legal and technical services.
- \*\*\* On 13 November 2016, the Company entered into operation and maintenance agreement with The Local Company for Water and Solar Projects.
- \*\*\*\* On 21 November 2017, the Company entered into an agreement with Risha Company for Solar Projects to provide operation and maintenance services.
- \*\*\*\*\* On 17 April 2017, the Company entered into a service agreement with NOMAC Gulf Operation & Maintenance LLC to obtain professional and operation & maintenance.

**Compensation of key management personnel**

	For the six-month period ended 30 June (Unaudited)	
	2019	2018
	JD	JD
Salaries and benefits	391,910	351,694

**8. DIVIDENDS**

In its ordinary meeting held on 25 April 2018, the General Assembly approved the Board of Directors recommendation to distribute dividends of JD 15,000,000 to the shareholders from the voluntary reserve and retained earnings with an amount of JD 8,000,000 and JD 7,000,000 respectively.

## **9. COMMITMENTS AND CONTINGENCIES**

### ***Letters of credit and bills of collection –***

At 30 June 2019, CEGCO has outstanding letters of credit and bills of collection amounting to JD 939,378(31 December 2018: JD 1,216,983).

### ***Letters of guarantee –***

At 30 June 2019, CEGCO has outstanding letters of guarantee amounting to JD 16,800 (31 December 2018: JD 26,039).

### ***Legal claims –***

The Company is a defendant in a number of lawsuits of approximately JD 2,029,171 (2018: JD 2,764,356). The Company's management and its independent legal counsel believe that no additional provision is needed other than what has already been recognized in the interim condensed financial statements.

### ***Capital commitments –***

CEGCO entered into commitments in the ordinary course of business for major capital expenditures. Capital expenditures commitments are JD 344,831 as at 30 June 2019 (31 December 2018: JD 669,440)

### ***Dispute with Jordan Petroleum Refinery Company (JPRC) –***

Jordan Petrol Refinery PLC is the fuel supplier ("the Supplier"), the Supplier has claimed from CEGCO an amount of JD 101,445,078 (2018: JD 98,846,945), as an interest on late payment of the monthly fuel invoices. The Fuel Supply Agreement (FSA) with the Supplier stipulates that the Supplier shall be entitled to receive interest on late payment of the unpaid invoices after 45 days from invoice. However, the FSA in Article 13.3 further provides that CEGCO shall not be liable for non-performance under the FSA and shall not be in default to the extent such non-performance or default is caused by NEPCO. Given the delay in making the fuel payments to the Supplier are caused by the delay in receipt of the fuel revenues from NEPCO (the off-taker), contractually the Supplier has no basis to claim for any delay interest from CEGCO. Hence the management and its independent legal counsel are of the view that as per the terms of the FSA signed between the Supplier and CEGCO, the Supplier has no contractual basis to claim these amounts. Accordingly, no provision has been made in these financial statements.

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (UNAUDITED)**

**10. SEGMENT INFORMATION**

The following tables present the interim condensed statement comprehensive income information for Aqaba and other locations for the periods ended 30 June 2019 and 2018. The information is presented to facilitate the income tax review as the company is subject to different tax rates on Aqaba's operation.

	For the six months period ended 30 June 2019 (Unaudited)		
	Aqaba	Other Locations	Total
	JD	JD	JD
Power generation revenues	22,383,948	13,745,348	36,129,296
Stations operating costs	(1,424,307)	(6,139,565)	(7,563,872)
Depreciation of right of use assets	(90,867)	-	(90,867)
Depreciation	(3,984,916)	(2,306,679)	(6,291,595)
Administrative expenses	(2,054,109)	(2,028,878)	(4,082,987)
Maintenance costs	(1,602,558)	(544,540)	(2,147,098)
Provision for slow-moving inventories	(602,214)	(622,228)	(1,224,442)
Employee's end-of-service indemnity provision	(175,044)	(187,225)	(362,269)
Total operating costs	(9,934,015)	(11,829,115)	(21,763,130)
<b>OPERATING PROFIT</b>	<b>12,449,933</b>	<b>1,916,233</b>	<b>14,366,166</b>
Foreign currency exchange loss, net	(652,849)	5,638	(647,211)
Share of loss of an associate	-	-	-
Other income, net	23,455	1,453,127	1,476,582
Finance costs, net	(1,820,690)	(1,142,627)	(2,963,317)
<b>PROFIT BEFORE INCOME TAX</b>	<b>9,999,849</b>	<b>2,232,371</b>	<b>12,232,220</b>
Income tax expense	(703,013)	339,828	(363,185)
<b>PROFIT FOR THE PERIOD</b>	<b>9,296,836</b>	<b>2,572,199</b>	<b>11,869,035</b>

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (UNAUDITED)**

	For the six months period ended 30 June 2018 (Unaudited)		
	Aqaba	Other locations	Total
	JD	JD	JD
Power generation revenues	56,573,402	15,432,364	72,005,766
Stations operating costs	(35,983,294)	(7,822,258)	(43,805,552)
Depreciation	(3,865,096)	(2,295,427)	(6,160,523)
Administrative expenses	(2,331,000)	(2,284,305)	(4,615,305)
Maintenance costs	(1,375,247)	(2,876,779)	(4,252,026)
Provision for slow-moving inventories	(512,200)	(437,229)	(949,429)
Employee's end-of-service indemnity provision	(182,681)	(171,681)	(354,362)
Total operating costs	(44,249,518)	(15,887,679)	(60,137,197)
<b>OPERATING PROFIT (LOSS)</b>	<b>12,323,884</b>	<b>(455,315)</b>	<b>11,868,569</b>
Foreign currency exchange loss, net	(502,204)	124	(502,080)
Share of profit of an associate	-	(20,314)	(20,314)
Other income, net	62,852	828,902	891,754
Finance costs, net	(2,327,306)	(1,090,580)	(3,417,886)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>9,557,226</b>	<b>(737,183)</b>	<b>8,820,043</b>
Income tax expense	(468,021)	(38,846)	(506,867)
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>9,089,205</b>	<b>(776,029)</b>	<b>8,313,176</b>