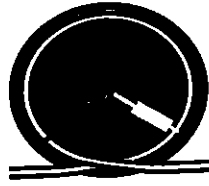


**THE JORDANIAN ELECTRIC POWER COMPANY LIMITED**

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

Our Ref.: 6/3/2/10205  
Date: 31/10/2018

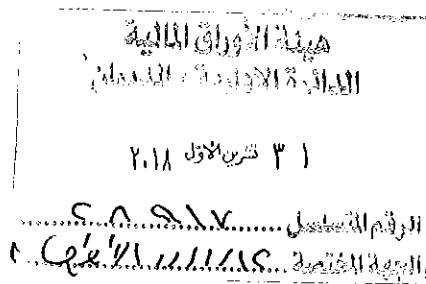
To: Jordan Securities Commission  
Amman Stock Exchange

Subject: Quarterly Report as of 30/9/2018

Attached the Quarterly Report of THE JORDANIAN ELECTRIC POWER COMPANY LIMITED as of 30/9/2018.

Kindly accept our high appreciation and respect

The Jordanian Electric Power Company  
Limited



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

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

**TOGETHER WITH THE INDEPENDENT AUDITORS'  
REPORT ON THE REVIEW OF THE  
CONDENSED INTERIM CONSOLIDATED FINANCIAL  
INFORMATION**

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

**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

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Kawasmy & Partners CO.  
Amman – Jordan  
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**Independent Auditors' Report on the Review of the Condensed Interim Consolidated  
Financial Information**

**To the Chairman and the Members of Board of Directors  
Jordan Electric Power Company  
And It's Subsidiary (The Group)  
(Public Shareholding Company)  
Amman – Jordan**

**Introduction**

We have reviewed the accompanying condensed interim consolidated statement of financial position of **Jordan Electric Power Company – Public Shareholding Company- and it's subsidiary ("the Group")** as of September 30, 2018 and the related condensed interim consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and fair presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard number (34) "Interim Financial Reporting" and the instructions of the Prime Ministers Council and Energy and Mineral Regulatory Commission as it disclosed in the note (2) to the condensed interim consolidated financial information. Our responsibility is to express a conclusion on this condensed interim consolidated financial information 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 condensed interim consolidated financial information consists of making inquiries, primarily of persons responsible for 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 condensed interim consolidated financial information as of September 30, 2018 is not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting" and the instructions of the Prime Ministers Council and Energy and Mineral Regulatory Commission as expressed in note (2) to the condensed interim consolidated financial information.

**Kawasmy and Partners  
KPMG**

Hatem Kawasmy  
License no. (656)



Amman - Jordan  
October 30, 2018

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>In Jordanian Dinar</i>	<i>Note</i>	<i>As of September 30, 2018 "Reviewed not audited"</i>	<i>As of December 31, 2017 "Audited"</i>
<b>Assets</b>			
Infrastructure and other fixed assets	6	351,226,625	341,201,648
Intangible assets	7	28,957,564	30,045,657
Subscribers' contributions - assets	8	163,407,005	159,956,189
Rural fils - assets	9	21,110,968	21,453,215
Project under construction		6,151,501	6,652,950
Investments in associate		1,245,593	1,379,984
Deferred tax assets	10	5,956,302	5,920,302
<b>Total Non-Current Assets</b>		<b>578,055,558</b>	<b>566,609,945</b>
Inventory		1,245,661	1,335,003
Financial assets at fair value through profit or loss		1,722,173	1,674,065
Due from related parties	11-1	3,900,345	2,821,197
Subscribers receivables		544,192,945	451,488,036
Receivables		56,887,086	43,040,768
Other debit balances		2,508,526	2,665,049
Cash and cash equivalents	12	6,867,614	571,985
<b>Total Current Assets</b>		<b>617,324,350</b>	<b>503,596,103</b>
<b>Total Assets</b>		<b>1,195,379,908</b>	<b>1,070,206,048</b>
<b>Shareholders Equity and Liabilities</b>			
<b>Shareholders' Equity</b>			
Paid-up capital	1	86,080,154	83,572,965
Statutory reserve		21,861,867	21,861,867
Retained earning		15,394,330	12,816,777
<b>Equity attributable to owners of the company</b>		<b>123,336,351</b>	<b>118,251,609</b>
Non-controlling interest		(84,914)	113,248
<b>Total Equity</b>		<b>123,251,437</b>	<b>118,364,857</b>
<b>Liabilities</b>			
Subscribers' contributions – deposits	8	163,407,005	159,956,189
Rural fils - deposits	9	21,110,968	21,453,215
License obligation / government – long term	7	31,706,012	34,501,437
Loans – long term		48,543,000	50,000,000
Subscribers' refundable deposits		114,812,688	108,785,375
End-of-service indemnity provision		19,704,127	19,554,127
Obligation for employees funds		19,601,591	18,374,138
<b>Total Non-Current Liabilities</b>		<b>418,885,391</b>	<b>412,624,481</b>
Payables		375,644,219	286,200,883
Due to related parties	11-2	1,840	242,933
Loans – short term		1,707,000	4,375,000
License obligation / government – short term	7	5,000,000	5,000,000
Income tax provision	10	2,654,389	2,165,274
Other credit balances		8,267,128	6,464,259
Due to banks	12	259,968,504	234,768,361
<b>Total Current Liabilities</b>		<b>653,243,080</b>	<b>539,216,710</b>
<b>Total Liabilities</b>		<b>1,072,128,471</b>	<b>951,841,191</b>
<b>Total Equity and Liabilities</b>		<b>1,195,379,908</b>	<b>1,070,206,048</b>

The accompanying notes on pages (6) to (14) are an integral part of these condensed interim consolidated financial information and should be read therewith it and with the review report.

The condensed interim consolidated financial information were approved by the Committee of Nominations, Remuneration, Finance and Administration on October 29, 2018 in accordance to delegation by the Board of Directors on October 24, 2018 and authorized by:

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (REVIEWED NOT AUDITED)**

*Jordanian Dinar*

	Note	For the Three –Month Period Ended on September 30,		For the Nine-Month Period Ended on September 30,	
		2018	2017	2018	2017
Revenues from sale of energy		272,162,123	307,992,987	737,199,323	792,791,706
Energy purchased		(216,631,069)	(249,756,184)	(635,858,408)	(690,310,762)
<b>Gross profit from sales of energy</b>		<b>55,531,054</b>	<b>58,236,803</b>	<b>101,340,915</b>	<b>102,480,944</b>
Revenues from other core operations		1,492,321	1,101,317	3,745,797	3,527,603
General, operating and subscribers' services		(21,625,941)	(18,416,042)	(62,324,711)	(56,600,495)
Depreciation		(6,081,849)	(5,732,549)	(17,751,585)	(16,697,782)
<b>Net (loss) revenues and expenses from core operations</b>		<b>(26,215,469)</b>	<b>(23,047,274)</b>	<b>(76,330,499)</b>	<b>(69,770,674)</b>
<b>Profit from core operations</b>		<b>29,315,585</b>	<b>35,189,529</b>	<b>25,010,416</b>	<b>32,710,270</b>
Revenues from non-core operations		1,475,524	1,191,886	5,168,568	4,548,011
Bank interest revenues		50	498	244	797
Late payments interest revenues		2,980,021	2,015,745	8,067,690	5,486,080
Expenses from non-core operations		(127,025)	(67,559)	(468,764)	(353,494)
Amortization		(423,513)	(423,513)	(1,270,540)	(1,270,540)
Finance cost		(6,251,590)	(5,220,563)	(17,829,213)	(13,792,300)
Late power payments interest expense		(2,565,007)	(1,702,643)	(7,048,154)	(4,870,516)
<b>(Loss) from non-core operations</b>		<b>(4,911,540)</b>	<b>(4,206,149)</b>	<b>(13,380,169)</b>	<b>(10,251,962)</b>
<b>Profit for the period before income tax</b>		<b>24,404,045</b>	<b>30,983,380</b>	<b>11,630,247</b>	<b>22,458,308</b>
Income tax for the period	10	(2,565,019)	(6,058,195)	(2,565,019)	(6,058,195)
<b>Profit for the Period</b>		<b>21,839,026</b>	<b>24,925,185</b>	<b>9,065,228</b>	<b>16,400,113</b>
<b>Total Comprehensive Income for the Period</b>		<b>21,839,026</b>	<b>24,925,185</b>	<b>9,065,228</b>	<b>16,400,113</b>
<b>Total Comprehensive income for the Period Attributable to:</b>					
Company's Shareholders				9,263,390	16,401,067
Non-controlling Interest				(198,162)	(954)
				<b>9,065,228</b>	<b>16,400,113</b>
<b>Basic Earnings per Share from Profit for the Period (Share/Dinar)</b>	13			<b>0,11</b>	<b>0,19</b>

The accompanying notes on pages (6) to (14) are an integral part of these condensed interim consolidated financial information and should be read therewith and with the review report.  
The condensed interim consolidated financial information were approved by the Committee of Nominations, Remuneration, Finance and Administration on October 29, 2018 in accordance to delegation by the Board of Directors on October 24, 2018 and authorized by:

**Chief Financial Officer**

**Chairman of Board of Directors**

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (REVIEWED NOT AUDITED)**

	Paid-up Capital	Statutory Reserve	Retained Earnings *	Total Shareholders' Equity	Non- controlling Interest	Total Equity
<i>Jordanian Dinar</i>						
<b><u>For The Nine-Month Period Ended September 30, 2018</u></b>						
Balance at January 1 <sup>st</sup> , 2018	83,572,965	21,861,867	12,816,777	118,251,609	113,248	118,364,857
Total comprehensive income for the period	-	-	9,263,390	9,263,390	(198,162)	9,065,228
Capital increase - (Note 1)	2,507,189	-	(2,507,189)	-	-	-
Distributed dividends – (Note 14)	-	-	(4,178,648)	(4,178,648)	-	(4,178,648)
<b>Balance as of September 30, 2018</b>	<b>86,080,154</b>	<b>21,861,867</b>	<b>15,394,330</b>	<b>123,336,351</b>	<b>(84,914)</b>	<b>123,251,437</b>
<b><u>For The Nine-Month Period Ended September 30, 2017</u></b>						
Balance at January 1 <sup>st</sup> , 2017	77,490,000	20,853,900	16,267,067	114,610,967	-	114,610,967
Total comprehensive income for the period	-	-	16,401,067	16,401,067	(954)	16,400,113
Capital increase - (Note 1)	6,082,965	-	(6,082,965)	-	-	-
Distributed dividends – (Note 14)	-	-	(4,261,947)	(4,261,947)	-	(4,261,947)
Non-controlling interest	-	-	-	-	122,500	122,500
<b>Balance as of September 30, 2017</b>	<b>83,572,965</b>	<b>20,853,900</b>	<b>22,323,222</b>	<b>126,750,087</b>	<b>121,546</b>	<b>126,871,633</b>

\* Retained earnings include a restricted amount of JOD 5,956,302 as of September 30, 2018 against deferred tax assets in which cannot be utilized through capitalization or distribution unless actually realized.

The accompanying notes on pages (6) to (14) are an integral part of these condensed interim consolidated financial information and should be read therewith and with the review report.

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (REVIEWED NOT AUDITED)**

<i>Jordanian Dinar</i>	<b>Note</b>	<b>or The Nine-Month Period Ended on September 30,</b>	
		<b>2018</b>	<b>2017</b>
<b>Cash flow from operating activities:</b>			
Profit for the period before income tax		11,630,247	22,458,308
<b>Adjustments:</b>			
Provision for end-of-service indemnity		150,000	150,000
Depreciation and amortization	6,7	19,144,620	17,968,322
Loss (Gain) from financial assets at fair value through profit or loss		(40,308)	174,227
Company's share of Loss (Gain) of investment in associate		134,391	(59,360)
Finance expenses		17,829,213	13,792,300
Late interest revenues		(8,067,690)	(5,486,080)
Late power payment interest expense		7,048,154	4,870,516
License obligation expenses / Government		2,204,575	2,319,050
Provision for doubtful accounts expense		1,000,000	-
		<b>51,033,202</b>	<b>56,187,283</b>
<b>Changes in assets and liabilities :</b>			
Inventory		89,342	(265,014)
Subscribers receivable		(93,704,909)	(103,964,024)
Due from related parties		(1,079,148)	(764,988)
Receivables		(13,846,318)	(4,956,736)
Other debit balances		156,523	(375,087)
Due to a related party		(241,093)	902
Payables		89,443,336	52,988,157
Subscribers' refundable deposits		6,027,313	6,260,107
Other credit balances		1,802,869	623,073
Obligation for employees funds		1,227,453	521,727
<b>Net cash flow from operating activities before income tax paid</b>		<b>40,908,570</b>	<b>6,255,400</b>
Income tax paid	10	(2,111,904)	(5,938,694)
<b>Net cash flow from operating activities</b>		<b>38,796,666</b>	<b>316,706</b>
<b>Cash flow from investing activities</b>			
Purchase of property, equipment and projects under construction – Net		(27,531,245)	(29,766,948)
Payments to purchase intangible assets		(182,448)	-
Proceeds from sales of property and equipment		133,638	-
Purchase of financial assets at fair value through profit or loss		(7,800)	-
<b>Net cash flow (used in) investing activities</b>		<b>(27,587,855)</b>	<b>(29,766,948)</b>
<b>Cash flow from financing activities</b>			
Bank loans		(4,125,000)	(4,875,000)
Paid on license obligation / Government		(5,000,000)	(5,000,000)
Distributed dividends		(4,178,648)	(4,261,947)
Finance expenses paid		(17,829,213)	(13,792,300)
Net late power payment interest revenues -debit and credit		1,019,536	615,564
Change in non-controlling interest		-	122,500
<b>Net cash flow (used in) financing activities</b>		<b>(30,113,325)</b>	<b>(27,191,183)</b>
Net change in cash and cash equivalents for the period		(18,904,514)	(56,641,425)
Cash and cash equivalents at beginning of the period		(234,196,376)	(219,003,645)
<b>Cash and Cash Equivalents at End of the Period</b>	<b>12</b>	<b>(253,100,890)</b>	<b>(275,645,070)</b>

The companying notes on pages (6) to (14) are an integral part of these condensed interim consolidated financial information and should be read with it and with the review report.



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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**

**1) GENERAL**

- Jordan Electric Power Company (the Group) was incorporated on January 1st, 1938 as a public shareholding Company under registration number (2) with paid up capital 2,500 Pound. The authorized capital has been increased in several stages to reach JOD 100 Million, and the paid up capital is JOD 86,080,154, all of the legal procedures over the increase in capital has been completed on May 28, 2018.
- During the year 1962 the Company has signed with the Jordanian Government a concession agreement for 50 years to distribute electricity for the concession area that includes: Amman, Zarqa, Madaba and Salt. The concession agreement expired on November 22, 2012 which was extended by temporary license until May 22, 2014. On May 23, 2014 the Company signed a settlement agreement with the Jordanian Government under which the Company had obtained a license to distribute the electricity for 20 years instead of the expired concession similar to the other distribution companies after they reached to final settlement with the Government.
- The Company's objectives are limited to transmission and distribution, purchase and sale of electricity to ensure the needs of all consumers in the license area and any other area covered by the expanded area under the license agreement.
- The Company's head office location is the Mecca Street - Amman - Jordan.
- The condensed interim consolidated financial information were approved by the Committee of Nominations, Remuneration, Finance and Administration on October 29, 2018 in accordance to delegation by the Board of Directors on October 24, 2018.

**2) BASIS OF PREPARATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**

**a) Statement of compliance**

- The condensed interim consolidated financial information for the nine-months ended September 30, 2018 have been prepared in accordance with IAS (34) "Interim Financial Reporting" and the instructions of the Prime Ministers' Council and Energy and Mineral Regulatory Commission.
- The main differences between International Financial Reporting Standards as applicable and the Prime Ministers Council and the Energy and Mineral Regulatory Commission are as follows:
  - The assets and liabilities of the subscribers' contribution (Note 8) and the assets and liabilities for rural fils (Note 9) are presented on a gross basis in the statement of financial position, the related depreciation and amortization relating to the asset and liabilities respectively are offsetted.
  - The subscribers' contributions assets (Note 8) and rural fils - assets (Note 9) are depreciated over a period of 25 years and not in accordance with international financial reporting standards, which require these to be depreciated over their useful life.
  - The exemption of Jordan Electric Company from application of International Financial Reporting Standard 9 regarding the calculation of the impairment of the subscribers' receivables for the years 2018 and 2019, whereas it is effective from January 1, 2018 in accordance with International Financial Reporting Standards.

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**

- The Company's financial year ending on December 31 of each year, while the condensed interim consolidated financial information has been prepared for the management and Jordan Security Commission purpose only. Moreover these condensed interim consolidated financial information should be read with the audited financial statements for the year ended December 31, 2017. And financial performance for the condensed interim consolidated financial information for the period ended September 30, 2018 does not necessarily give an indication for the expected financial performance for the year that will be ending on December 31, 2018. In addition, no appropriation has been made on the profit for the period to reserves, which will be appropriated in the annual consolidated financial statements at the end of the year 2018.
- Measurement and recognition considerations applied in the condensed interim consolidated financial statements have been accounted for. As of and for the period ended September 30, 2018, the Company's revenues are affected by the amount of electricity sold, which increases during the summer period from June to September of each year more than other seasons.

**b) Basis of condensed interim consolidated financial information**

- The condensed interim consolidated financial information comprise the consolidated financial information of Jordan Electric Power Company (the parent company) and its subsidiary, which are subject to its control. Subsidiary Company is the entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of the subsidiary are included in the consolidated financial information from the date on which controls commences until the date on which control ceases.
- The financial statements of the subsidiary are prepared for the same reporting period using the same accounting policies as the Group. If the subsidiary has different accounting policies than those used in the Group, the financial statements of the subsidiary are adjusted to reflect the Group's accounting policies.
- The result of the subsidiary are consolidated in the condensed interim consolidated statement of profit and loss starting from the date of the acquisition which is the date when control is transferred to the Group. The results of the disposal of the subsidiary are consolidated in the consolidated interim statement of profit or loss up to the disposal date, the date on which the Group loses control of the subsidiary.
- The parent company control over the following subsidiary as of September 30, 2018:

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

- The following table shows the financial position and financial performance of the subsidiary as of September 30, 2018 and December 31, 2017:

<b>As of September 30, 2018</b>				
<b>In Jordanian Dinar</b>	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Total Revenues</b>	<b>Loss for the Period</b>
Gate Lightning For Cloud Services	1,544,207	1,715,183	-	(402,093)
<b>As of December 31, 2017</b>				
<b>In Jordanian Dinar</b>	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Total Revenues</b>	<b>Loss for the year</b>
Gate Lightning For Cloud Services	1,123,776	892,652	-	(18,882)

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**

**c) Use of judgments and estimates**

- The preparation of the condensed interim consolidated financial information in accordance with IAS 34, "interim financial reporting" requires from management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
- In preparing these condensed interim consolidated financial information, significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the condensed interim consolidated financial information for the Nine-months period ended September 30, 2018 and for the year ended December 31, 2017 and its adequate and reasonable.

**3) SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by the group in these condensed interim consolidated financial information for the nine-months ended September 30, 2018 are the same as those applied in its consolidated financial statements for the year ended December 31, 2017, except the International Financial Reporting Standards are effective for annual years beginning after January 1, 2018, as follow:

- International Financial Reporting Standards (9): Financial Instruments.
- International Financial Reporting Standards (15): Revenue from Contracts with Customers.
- IFRS (2): Classification and Measurements of Share-Based Payments.

The adoption of the above Standards will not having material impact on the figures and notes to the Group's condensed interim consolidated financial information except for the following effect of applying International Financial Reporting Standard (9) "Financial Instruments" in addition to International Financial Reporting Standard (15), the following is the effect of adoption on the condensed interim consolidated financial information:

**International Financial Reporting Standard 9 "Financial Instruments":**

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

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

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

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

**- Financial Assets:**

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

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

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

- It's held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through consolidated profit or loss:

- It's held within a business model whose objective is achieved by both collecting contractual cash flows and/or selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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**- Financial liabilities:**

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

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

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

**B- Impairment on financial assets:**

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

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

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

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

**4) FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT**

The Group generally has exposure to the financial risks; Credit risk, liquidity risk, market risk and capital management. Generally, the group's objectives, policies and processes for managing risk are the same as those disclosed in its financial statements and the Group's annual report for the year ended December 31, 2017.

**Capital management**

There have been no changes in the Group's approach to capital management during the current financial interim period neither the group is subject to externally imposed capital requirements.

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**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group suffers from a deficit in its working capital for the amount (JOD 35,918,730) as of September 30, 2018 (December 31, 2017: JOD 35,620,607). The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations through future cash flows from operating and borrowing.

**Fair value**

The fair values of financial assets and liabilities are not significantly different from their carrying amounts in the condensed interim consolidated statement of financial position.

**5) SEGMENT REPORTING**

The Group has a single reporting segment. All services with their related revenues and balances are domiciled in the region of Jordan. The revenues derived from government and semi government entities amounted to JOD 86,343,499 as of September 30, 2018 (September 30, 2017: JOD 72,845,227).

**6) INFRASTRUCTURE ASSETS AND OTHER FIXED ASSETS**

The Group signed a settlement agreement with the Jordanian Government under which the Group had obtained a license to distribute the electricity for 20 years, the settlement agreement gave the Group the to exercise other activities through these assets in addition to its core activity with license.

The additions in infrastructure assets and other fixed assets during the nine months ended September 30, 2018 amounted to JOD 28,032,694 (December 31, 2017: JOD 54,474,604), the disposals during the period amounted to JOD 144,744 (December 31, 2017: JOD 420,213), the depreciation expense during the period amounted to JOD 17,874,079 (September 30, 2017: JOD 16,697,782), and the disposal of accumulated depreciation during the period amounted to JOD 11,106 (December 31, 2017: JOD 155,103).

**7) INTANGIBLE ASSETS**

This item consist of the following:

<i>In Jordanian Dinar</i>	<b>As of September 30, 2018</b>	<b>As of December 31, 2017</b>
Distribution License (A)	26,507,232	27,777,773
Payments to acquire intangible assets (B)	2,450,332	2,267,884
<b>Balance at the end of period / year</b>	<b>28,957,564</b>	<b>30,045,657</b>

**A) Distribution license**

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

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The Parent Company calculated the assets and liabilities obliged to get the license and recognized it at present value of these payments, below is the details:

<i>In Jordanian Dinar</i>	<b>As of September 30, 2018</b>	<b>As of December 31, 2017</b>
Intangible assets	33,881,070	33,881,070
Accumulated amortization	(7,373,838)	(6,103,297)
<b>Net book value</b>	<b>26,507,232</b>	<b>27,777,773</b>
License obligation / government – long term	31,706,012	34,501,437
License obligation / government – Short term	5,000,000	5,000,000
<b>Total license obligation</b>	<b>36,706,012</b>	<b>39,501,437</b>

**B) Advances payments on purchase intangible assets**

This item represent payments incurred by the group against the purchase of a new accounting system (SAP) and the renewal of the (ERP) system. The system has not been fully implemented until the date of the condensed interim consolidated financial information of the Group.

**8) SUBSCRIBERS' CONTRIBUTION-ASSETS / SUBSCRIBERS' CONTRIBUTION-DEPOSITS**

The additions in subscriber's contribution-assets during the nine-months ended September 30, 2018 amounted to JOD 11,084,195 against subscribers' contribution-deposit with the same amount (December 31, 2017: JOD 18,088,342), the depreciation expense on subscribers' contribution-asset during the period amounted to JOD 7,633,379 offset by Subscribers' contribution – Deposits amortization with the same amount (September 30, 2017: JOD 7,265,856).

**9) RURAL FILS-ASSETS / RURAL FILS-DEPOSITS**

The additions in rural fils-assets or deposits during the nine-months ended September 30, 2018 amounted JOD 1,309,774 offset by rural fils deposits with the same amount (December 31, 2017: JOD 2,004,672), the depreciation expense on these assets during the period amounted to JOD 1,652,021 offset by rural fils-deposits amortization with the same amounts (September 30, 2017: JOD 1,614,401).

**10) INCOME TAX**

- Income tax expense is recognized based on management's estimate of the Group's expected annual income tax rate for the full fiscal year which is applied to profit before tax for the current period.
- The Group obtained a final clearance from the Income and Sales Tax Department for income tax until the end of 2014. The Company also submitted the tax return for the years 2015, 2016 and 2017, while it was not audited by the Income and Sales Tax Department. The Company submit the sales tax return up to August 2018. In the opinion of the Group's management and tax advisor, the provisions in the financial information are sufficient to meet the tax liabilities.
- Deferred tax assets are calculated on both end-of-service indemnity provision and provision for doubtful debts. Management believes that the Group is able to benefit from these tax assets in the near future.
- The income tax provision for the nine months ended 30 September 2018 and 31 December 2017 are calculated on the company's results, while the income tax provision for the subsidiary has not been calculated due to losses achievement for the period ended 30 September 2018.

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

	<b>Balance as of</b>	
	<b>September 30, 2018</b>	<b>December 31, 2017</b>
<b><i>In Jordanian Dinar</i></b>		
Beginning balance for the period / year	2,165,274	5,939,744
Paid during the period / year	(2,111,904)	(5,939,923)
Income tax expense for the period / year	2,601,019	2,165,453
<b>Balance at the End of the period / Year</b>	<b>2,654,389</b>	<b>2,165,274</b>
	<b>September 30, 2018</b>	<b>December 31, 2017</b>
<b><i>In Jordanian Dinar</i></b>		
Beginning balance for the period / year	5,920,302	5,872,302
Additions	36,000	48,000
<b>Balance at the End of the period / Year</b>	<b>5,956,302</b>	<b>5,920,302</b>

Deferred taxes are calculated as of 30 September 2018 and 31 December 2017 using 24% as a tax rate.

**11) BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

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

<b><u>(11-1) Due from a related parties</u></b>			<b>Volume of Transactions For the Nine-Months Ended on</b>		<b>Balance as of</b>	
<b><i>In Jordanian Dinar</i></b>	<b>Nature of Relation</b>	<b>Nature of Transaction</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Business innovation Company	Partner in subsidiary Company	Financing	398,241	854,238	3,219,438	2,821,197
Electrical Equipment Industries Company	Associate Company	-	-	-	680,907	-
					<b>3,900,345</b>	<b>2,821,197</b>
<b><u>(11-2) Due to a related party</u></b>			<b>Volume of Transactions For the Nine-Months Ended on</b>		<b>Balance as of</b>	
<b><i>In Jordanian Dinar</i></b>	<b>Nature of Relation</b>	<b>Nature of Transaction</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Electrical Equipment Industries Company	Associate Company	Purchases	181,539	4,266,543	-	241,093
Business innovation Company	Partner in subsidiary Company	Expenses	-	-	1,840	1,840
					<b>1,840</b>	<b>242,933</b>

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

**(11-3) Salaries and benefits of Executive Management**

Short-term salaries and remuneration of the executive management and board of directors members amounted to JOD 659,750 for the period ended September 30, 2018. (September 30, 2017: JOD 616,662).



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**12) CASH AND CASH EQUIVALENTS**

<i>In Jordanian Dinars</i>	As of September 30, 2018	As of December 31, 2017
Cash on hand and at banks	6,867,614	571,985
Less : Due to banks*	(259,968,504)	(234,768,361)
<b>Cash and Cash equivalents in the statement of cash flows</b>	<b>(253,100,890)</b>	<b>(234,196,376)</b>

\*The details of due to banks are:

	Interest	Collateral	Maturity date	As of September 30, 2018	As of December 31, 2017
<i>In Jordanian Dinar</i>					
Due to local banks	%5.5 - %7	Company's guarantee	Annually renewed	259,968,504	234,768,361
				<b>259,968,504</b>	<b>234,768,361</b>

**13) BASIC AND DILUTED EARNINGS PER SHARE FROM PROFIT**

<i>In Jordanian Dinar</i>	For the Nine-Months Ended on September 30,	
	2018	2017
Profit for the period attributable to Company's shareholders	9,263,390	16,401,067
Weighted average of number of shares*	86,080,154	86,080,154
<b>Basic earnings per share of current period</b>	<b>0,11</b>	<b>0,19</b>
<b>Diluted earnings per share of current period</b>	<b>0,11</b>	<b>0,19</b>

\* The weighted average number of shares for the period ended 30 September 2017 was adjusted to 86,080,154 shares instead of 83,572,965 shares as the increase in shares resulted from the distribution of free shares.

**14) DISTRIBUTED DIVIDENDS**

The General Assembly approved in its ordinary meeting held on April 26, 2018 the distribution of cash dividends in the amount of JOD 4,178,648 which equivalent to 5% of the Company's paid up capital. Moreover, increase of JOD 2,507,189 through distribution of free shares to shareholders which equivalent to 3% of its share in the paid up capital (December 31, 2017: the General Assembly approved in its ordinary meeting held on April 27, 2017 the distribution of cash dividends in the amount of JOD 4,261,947 which equivalent to 5.5% of the Company's paid up capital, and distribution of free shares in the amount of JOD 6,082,965 equivalent to 7.85% of the Company's paid up capital as each share).

**15) CONTINGENT LIABILITIES**

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

<i>In Jordanian Dinar</i>	As of September 30, 2018	As of December 31, 2017
Determined value of legal cases against the Group	1,353,556	1,771,541
Bank guarantees	149,600	149,600

The total cases filed by the group against others as of September 30, 2018 was amounted to JOD 6,918,812 (As of December 31, 2017: 5,405,436) in addition to other cases with non-determined value.