

**IRBID DISTRICT ELECTRICITY COMPANY**

**PUBLIC SHAREHOLDING COMPANY**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**31 MARCH 2021**



Ernst & Young Jordan  
P.O. Box 1140  
Amman 11118  
Jordan

Tel: 00 962 6580 0777\ 00 962 6552 6111  
Fax:00 962 6553 8300  
ey.com/me

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF IRBID DISTRICT ELECTRICITY COMPANY  
PUBLIC SHAREHOLDING COMPANY  
IRBID - JORDAN**

**Introduction**

We have reviewed the accompanying interim condensed financial statements of Irbid District Electricity Company Public Shareholding Company (the “Company”) as at 31 March 2021, comprising of the interim statement of financial position as at 31 March 2021 and the related interim statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 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  
29 April 2021

**IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2021**

	Notes	31 March 2021	31 December 2020
		JD (Unaudited)	JD (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS -</b>			
Property and equipment		129,975,480	129,652,780
Subscribers' and rural files contributions assets		86,156,731	85,774,811
Dispute lawsuits payments		38,848	41,358
Right of use assets		510,955	536,085
Projects in progress		6,658,723	7,017,111
Strategic inventories		7,366,526	7,037,427
Deferred tax assets		1,855,486	1,819,336
Financial assets at fair value through other comprehensive income		286,719	286,719
		<u>232,849,468</u>	<u>232,165,627</u>
<b>CURRENT ASSETS -</b>			
Accounts receivable		103,087,703	93,153,859
Other current assets		3,935,004	3,852,066
Inventories		4,240,341	3,403,246
Cash and bank balances		92,918	1,406,682
		<u>111,355,966</u>	<u>101,815,853</u>
<b>Total Assets</b>		<u>344,205,434</u>	<u>333,981,480</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY -</b>			
Paid-in-capital	6	8,000,000	8,000,000
Statutory reserve	6	2,210,264	2,210,264
Voluntary reserve		638,778	638,778
Retained earnings		5,828,605	8,685,775
<b>Total equity</b>		<u>16,677,647</u>	<u>19,534,817</u>
<b>LIABILITIES -</b>			
<b>NON-CURRENT LIABILITIES</b>			
Subscribers' and rural files contributions liabilities		86,156,731	85,774,811
Long-term lease liability		413,306	413,306
Advances from subscribers		6,035,029	6,001,940
Excess of subscribers' contributions		10,451	78,122
Provision for end-of-service indemnity		4,726,428	4,853,868
Long-term loan	4	15,555,560	15,555,560
Subscribers' deposits		52,499,695	51,752,452
		<u>165,397,200</u>	<u>164,430,059</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable		92,152,337	92,729,780
Current portion from long-term loan	4	3,111,110	3,111,110
Accrued expenses		3,500,262	2,228,849
Short-term lease liability		149,241	138,139
Other current liabilities		6,191,940	6,538,938
Bank overdrafts		51,818,995	39,682,671
Excess of subscribers' contributions		270,685	270,685
Other provisions		2,157,805	1,893,659
Income tax provision		2,778,212	3,422,773
		<u>162,130,587</u>	<u>150,016,604</u>
<b>Total Liabilities</b>		<u>327,527,787</u>	<u>314,446,663</u>
<b>Total Equity and Liabilities</b>		<u>344,205,434</u>	<u>333,981,480</u>

The attached notes from 1 to 12 form part of these interim condensed financial statements

**IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)**

	<u>Notes</u>	For the three months ended	
		31 March	
		2021	2020
		JD	JD
Electricity power sales		62,751,654	62,637,652
Cost of electricity power sales		(55,679,362)	(54,811,247)
<b>Gross profit</b>		<b>7,072,292</b>	<b>7,826,405</b>
Other operating revenues		491,008	493,349
General and administrative expenses		(6,413,036)	(5,942,590)
Depreciation and amortization		(2,847,349)	(2,598,825)
Provision for expected credit losses		(775,165)	(1,086,751)
Provision for slow moving inventory		(131,247)	-
<b>Operating loss from core activities</b>		<b>(2,603,497)</b>	<b>(1,308,412)</b>
Revenue from non-core activities		740,857	733,355
Interest income on late payments		947,651	1,415,420
Costs of non-core activities		(156,529)	(158,268)
Finance costs		(852,858)	(876,899)
Interest expense on late payments		(932,794)	(1,732,381)
<b>Loss from non-core activities</b>		<b>(253,673)</b>	<b>(618,773)</b>
<b>Loss before income tax expense</b>		<b>(2,857,170)</b>	<b>(1,927,185)</b>
Income tax expense	5	-	-
<b>Loss for the period</b>		<b>(2,857,170)</b>	<b>(1,927,185)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(2,857,170)</b>	<b>(1,927,185)</b>
		<u>JD/Fils</u>	<u>JD/Fils</u>
<b>Basic and diluted earnings per share from the loss for the period</b>	10	<u>(0/357)</u>	<u>(0/241)</u>

The attached notes from 1 to 12 form part of these interim condensed financial statements

**IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)**

	Paid-in capital	Statutory reserve	Voluntary reserve	Retained earnings	Total equity
	JD	JD	JD	JD	JD
<b>2021 -</b>					
<b>Balance at 1 January 2021</b>	8,000,000	2,210,264	638,778	8,685,775	19,534,817
Total comprehensive income for the period	-	-	-	(2,857,170)	(2,857,170)
<b>Balance at 31 March 2021</b>	<u>8,000,000</u>	<u>2,210,264</u>	<u>638,778</u>	<u>5,828,605</u>	<u>16,677,647</u>
<b>2020 -</b>					
<b>Balance at 1 January 2020</b>	8,000,000	2,210,264	638,778	4,530,539	15,379,581
Total comprehensive income for the period	-	-	-	(1,927,185)	(1,927,185)
<b>Balance at 31 March 2020</b>	<u>8,000,000</u>	<u>2,210,264</u>	<u>638,778</u>	<u>2,603,354</u>	<u>13,452,396</u>

The attached notes from 1 to 12 form part of these interim condensed financial statements

**IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)**

	Notes	For the three months ended 31 March	
		2021 JD	2020 JD
<b><u>OPERATING ACTIVITIES</u></b>			
Loss before income tax		(2,857,170)	(1,927,185)
<b>Adjustments for:</b>			
Gain on disposal of property and equipment		(5,749)	(2,993)
Interest income on late payments		(947,651)	(1,415,420)
Interest expense on late payments		932,794	1,732,381
Provision of end-of-service indemnity		375,000	375,000
Depreciation and amortization		2,847,349	2,598,825
Depreciation portion related to non-core activities		29,051	26,286
Right of use assets depreciation		25,129	25,129
Lease liability finance cost		11,103	12,624
Interest expense		852,858	876,899
Provision for expected credit losses		775,165	1,086,751
Excess of subscribers' contributions		(67,671)	(67,671)
Other provisions		308,245	98,388
Provision for slow moving inventory		131,247	-
<b>Working capital changes:</b>			
Inventories		(896,368)	(40,728)
Accounts receivable		(9,761,358)	(22,137,466)
Other current assets		(82,937)	(30,493)
Advances from subscribers		2,026,280	1,405,146
Subscribers' deposits		747,243	835,910
Provisions paid		(44,099)	(20,511)
Accounts payable		(1,510,238)	18,163,752
Accrued expenses and other current liabilities		727,194	1,853,884
End-of-service indemnity paid		(502,440)	(216,977)
Income tax paid		(680,710)	(546,614)
<b>Net cash flows (used in) from operating activities</b>		<b>(7,567,733)</b>	<b>2,684,917</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Projects in progress		(2,237,078)	(2,181,705)
Dispute lawsuits payments		(2,552)	(2,153)
Proceeds from sale of property and equipment		5,749	4,234
Purchase of property and equipment	3	(2,992,833)	(2,120,376)
<b>Net cash flows used in investing activities</b>		<b>(5,226,714)</b>	<b>(4,300,000)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Dividends paid		(50,116)	(14,510)
Interest paid		(605,525)	(555,676)
<b>Net cash flows used in financing activities</b>		<b>(655,641)</b>	<b>(570,186)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(13,450,088)</b>	<b>(2,185,269)</b>
Cash and cash equivalents at beginning of the period		(38,275,989)	(37,239,168)
<b>Cash and cash equivalents at end of the period</b>	7	<b>(51,726,077)</b>	<b>(39,424,437)</b>

The attached notes from 1 to 12 form part of these interim condensed financial statements

**IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**31 MARCH 2021 (UNAUDITED)**

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**(1) GENERAL**

Irbid District Electricity Company (the “Company”) was established in 1957 as a public shareholding company and registered in the Ministry of Industry and Trade under the registration number 17 on 27 February 1964.

During 2008 and under the privatization initiative of the electric sector, the government of the Hashemite Kingdom of Jordan has resolved to sell its entire ownership of 55.46% in the Company’s capital to Kingdom Electricity Company. During 2009, Kingdom Electricity Company sold its share in the Company’s capital to Electricity Distribution Company Public Shareholding Company.

The main activities of the Company are to distribute electric power and to provide it to retail consumers who live in the north of Jordan (Irbid, Jerash, Ajloun and Mafraq), in accordance with the distribution license granted to the Company on 30 June 2008 for 25 years.

The Company’s financial statements are consolidated with the financial statements of Electricity Distribution Company, Public Shareholding Company (Parent Company) and with Social Security Corporation (Ultimate Parent).

The interim condensed financial statements have been approved by the Board of Directors in their meeting held on 29 April 2021.

**(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**Basis of preparation -**

The interim condensed financial statements for the three-month period to 31 March 2021 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The interim condensed financial statements do not contain all information and disclosures required for financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company’s annual financial statements as of 31 December 2020. In addition, results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The 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 2020 except for the adoption of new standard effective as of 1 January 2021 shown below:

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**Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed financial statements of the Company.

**(3) PROPERTY AND EQUIPMENT**

The Company purchased property and equipment with cost of JD 2,992,833 for the three months ended 31 March 2021 (31 March 2020: JD 2,120,376).

**(4) LONG TERM LOAN**

During May 2015, the Company signed a loan agreement with Jordan Kuwait Bank amounting to JD 28,000,000 including a grace period of three years from the date of first withdrawal for the purpose of financing the Company's working capital projects and its operations. The entire loan was utilized during 2015.

The loan is repayable over 18 semi-annual instalments of JD 1,555,555 each except for the last instalment amounting to JD 1,555,565. The loan bears an interest rate similar to interest rate applicable on the Central Bank of Jordan deposits plus 2.65% margin ratio with a minimum gross interest rate of 5.3% per annum.

**(5) INCOME TAX**

Income tax provision was not calculated for the periods ended 31 March 2021 and 2020 due to the excess of deductible expenses over taxable revenue. The Company is subject to a statutory income tax rate of 24% in addition to a 3% National Contribution tax in accordance with Income Tax Law No. (34) of 2014 amended by law No. (38) of the year 2018 which took effect on 1 January 2019.

The Company obtained a final clearance from the Income and Sales Tax Department up to the year 2018. The Company submitted the income tax return for the year 2019 which has not been reviewed by The Income and Sales Tax Department up to the date of these interim condensed financial statements.

**IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY**  
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**(6) EQUITY**

**Paid-in capital -**

The Company's authorized, subscribed and paid-in share capital is 8,000,000 shares at 1 JD par value per share.

**Statutory reserve -**

The Company did not deduct statutory reserve according to the Companies' Law, since these financial statements are interim condensed financial statements.

**(7) CASH AND BANK BALANCES**

Cash and bank balances included in the interim condensed statements of cash flows consist of the following:

	31 March 2021	31 March 2020
	<u>JD</u>	<u>JD</u>
	(Unaudited)	(Unaudited)
Cash on hand and at banks	92,918	52,518
Banks overdrafts*	<u>(51,818,995)</u>	<u>(39,476,955)</u>
	<u>(51,726,077)</u>	<u>(39,424,437)</u>

\* This item represents the credit facilities granted to the Company from several local banks with ceilings of JD 74,600,000, bearing an average interest rate of 4.99% per annum.

**(8) RELATED PARTIES**

Related parties represent major shareholders, Parent Company, Associates, Board of Directors, key management personnel of the Company and companies where the Company is a major shareholder. Such pricing policies and transactions' terms are approved by the Company's management.

Related parties' balances included in the interim condensed statement of financial position are as follow:

	31 March 2021	31 December 2020
	<u>JD</u>	<u>JD</u>
	(Unaudited)	(Audited)
Amounts due to Electrical Equipment Industries Company LLC (Sister Company)	65,349	-
Amounts due from Electrical Equipment Industries Company LLC (Sister Company)	-	6,213
Amounts due to Electricity Distribution Company – Public Shareholding Company (Parent Company)	<u>581,823</u>	<u>250,644</u>
	<u>647,172</u>	<u>256,857</u>

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Transactions with related parties included in the interim condensed statement of comprehensive income are as follow:

	For the three months ended	
	31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Purchases from Electrical Equipment Industries Company LLC (Sister Company)	118,885	-
Purchases from Electricity Distribution Company – Public Shareholding Company (Parent Company)	559,358	63,557

Following is a summary of salaries and other benefits for key management personnel of the Company:

	For the three months ended	
	31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and other benefits	78,743	82,716
Transportation and remuneration of Board of Directors	62,100	62,100
	<u>140,843</u>	<u>144,816</u>

**(9) CONTINGENT LIABILITIES**

**Guarantees and letters of credit -**

As at the date of the interim condensed financial statements, the Company has contingent liabilities representing letters guarantees and letters of credit in an amount of JD 1,268,479 (31 December 2020: JD 1,967,562).

**Litigations -**

The Company is a defendant in a number of lawsuits in the ordinary course of business representing legal claims amounting to JD 1,072,890. The Company's management and its legal advisor believe that the provision taken against these claims in the amount of JD 1,055,811 is adequate to meet any obligations that may arise.

**Dispute with National Electricity Power Company -**

National Electricity Power Company (Company's electricity provider) claiming an amount of JD 728,275 which is mainly represent a difference of interest on late payments. The Company and its legal advisor believe that the Company will not have any obligation as per the electricity tariff (Wholesale Tariff) issued by Energy and Mineral Regulatory Commission (EMRC).

**IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY**  
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**(10) EARNINGS PER SHARE FROM THE LOSS FOR THE PERIOD**

	For the three months ended	
	31 March	
	2021	2020
	(Unaudited)	(Unaudited)
Loss for the period (JD)	(2,857,170)	(1,927,185)
Weighted average of number of shares (share)	8,000,000	8,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share from the loss for the period	(0/357)	(0/241)

**(11) DIVIDENDS DISTRIBUTION**

The General Assembly approved in its' ordinary meeting held on 25 April 2021, to distribute an amount of JD 4,000,000 (2020: JD 3,600,000) as dividends to the shareholders for the profit of 2020 of 50% of the Company's share capital (2020: 45%).

**(12) THE SPREAD OF CORONA VIRUS (COVID-19) AND IT'S IMPACT ON THE COMPANY**

As a result of the continued impact of the Corona virus (Covid-19) on the global economy and various business sectors and the accompanying restrictions and measures imposed by the Jordanian Government. The management monitors Company's operations and risks that the Company is exposed to continuously, specifically maintaining the necessary liquidity to resume its business. There was no material impact on the Company's activities resulted from Coronavirus pandemic as the subscribers' electricity consumption had not been significantly impacted nor their consumption patterns.