

**IRBID DISTRICT ELECTRICITY COMPANY**

**PUBLIC SHAREHOLDING COMPANY**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**30 SEPTEMBER 2021**



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**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 30 September 2021, comprising of the interim condensed statement of financial position as at 30 September 2021 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the nine-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  
27 October 2021

**IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2021**

	Notes	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS -</b>			
Property and equipment	3	130,989,953	129,652,780
Subscribers' and rural files contributions assets		88,119,389	85,774,811
Dispute lawsuits payments		38,993	41,358
Right of use assets		460,697	536,085
Projects in progress		5,641,201	7,017,111
Strategic inventories		7,548,104	7,037,427
Deferred tax assets		2,178,154	1,819,336
Financial assets at fair value through other comprehensive income		286,719	286,719
		<u>235,263,210</u>	<u>232,165,627</u>
<b>CURRENT ASSETS -</b>			
Accounts receivable		128,520,201	93,153,859
Other current assets		3,997,430	3,852,066
Inventories		4,232,046	3,403,246
Cash and bank balances	7	119,891	1,406,682
		<u>136,869,568</u>	<u>101,815,853</u>
<b>Total Assets</b>		<u>372,132,778</u>	<u>333,981,480</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY -</b>			
Paid-in-capital	6	10,000,000	8,000,000
Statutory reserve	6	2,210,264	2,210,264
Voluntary reserve		638,778	638,778
Retained earnings		9,957,608	8,685,775
<b>Total equity</b>		<u>22,806,650</u>	<u>19,534,817</u>
<b>LIABILITIES -</b>			
<b>NON-CURRENT LIABILITIES</b>			
Subscribers' and rural files contributions liabilities		88,119,389	85,774,811
Long-term lease liability		333,106	413,306
Advances from subscribers		5,380,696	6,001,940
Excess of subscribers' contributions		-	78,122
Provision for end-of-service indemnity		6,138,811	4,853,868
Long-term loan	4	18,666,670	15,555,560
Subscribers' deposits		54,275,076	51,752,452
		<u>172,913,748</u>	<u>164,430,059</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable		107,717,718	92,729,780
Current portion from long-term loan	4	-	3,111,110
Accrued expenses		2,394,805	2,228,849
Short-term lease liability		115,863	138,139
Other current liabilities		6,414,524	6,538,938
Bank overdrafts	7	54,518,531	39,682,671
Excess of subscribers' contributions		145,793	270,685
Other provisions		1,931,232	1,893,659
Income tax provision		3,173,914	3,422,773
		<u>176,412,380</u>	<u>150,016,604</u>
<b>Total Liabilities</b>		<u>349,326,128</u>	<u>314,446,663</u>
<b>Total Equity and Liabilities</b>		<u>372,132,778</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 AND NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

	Notes	For the three months ended		For the nine months ended	
		30 September		30 September	
		2021	2020	2021	2020
		JD	JD	JD	JD
Electricity power sales		77,638,975	74,416,583	203,433,917	193,885,536
Cost of electricity power sales		(60,540,434)	(61,984,561)	(163,912,628)	(165,110,790)
<b>Gross profit</b>		<b>17,098,541</b>	<b>12,432,022</b>	<b>39,521,289</b>	<b>28,774,746</b>
Other operating (expenses) revenues		(20,319)	1,260,273	255,237	1,836,473
General and administrative expenses		(5,645,584)	(6,409,502)	(18,169,950)	(17,762,749)
Depreciation and amortization		(2,879,672)	(2,571,347)	(8,524,107)	(7,775,460)
Expected credit losses provision		(317,266)	(412,959)	(1,147,647)	(1,150,000)
Provision for slow moving inventories		(215,515)	-	(736,020)	-
<b>Operating profit from core activities</b>		<b>8,020,185</b>	<b>4,298,487</b>	<b>11,198,802</b>	<b>3,923,010</b>
Revenue from non-core activities		810,855	831,755	2,423,168	2,331,118
Interest income on late payments		1,425,782	(332,221)	3,496,186	2,919,877
Non-core activities expenses		(151,300)	(147,980)	(482,544)	(731,504)
Finance costs		(855,693)	(708,347)	(2,613,314)	(2,311,185)
Interest expense on late payments		(1,307,633)	(130,510)	(3,408,579)	(4,333,811)
<b>Loss from non-core activities</b>		<b>(77,989)</b>	<b>(487,303)</b>	<b>(585,083)</b>	<b>(2,125,505)</b>
<b>Profit before income tax expense</b>		<b>7,942,196</b>	<b>3,811,184</b>	<b>10,613,719</b>	<b>1,797,505</b>
Income tax expense	5	(2,269,973)	(741,013)	(3,341,886)	(741,013)
<b>Profit for the period</b>		<b>5,672,223</b>	<b>3,070,171</b>	<b>7,271,833</b>	<b>1,056,492</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>5,672,223</b>	<b>3,070,171</b>	<b>7,271,833</b>	<b>1,056,492</b>
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
<b>Basic and diluted earnings per share from profit of the period</b>	10	<b>0/567</b>	<b>0/307</b>	<b>0/727</b>	<b>0/106</b>

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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

	Paid in capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
	JD	JD	JD	JD	JD
<b>2021 -</b>					
Balance at 1 January 2021	8,000,000	2,210,264	638,778	8,685,775	19,534,817
Total comprehensive income for the period	-	-	-	7,271,833	7,271,833
Capital increase (note 6)	2,000,000	-	-	(2,000,000)	-
Dividends distribution (Note 11)	-	-	-	(4,000,000)	(4,000,000)
<b>Balance at 30 September 2021</b>	<u>10,000,000</u>	<u>2,210,264</u>	<u>638,778</u>	<u>9,957,608</u>	<u>22,806,650</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	-	-	-	1,056,492	1,056,492
Dividends distribution (note 11)	-	-	-	(3,600,000)	(3,600,000)
<b>Balance at 30 September 2020</b>	<u>8,000,000</u>	<u>2,210,264</u>	<u>638,778</u>	<u>1,987,031</u>	<u>12,836,073</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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

	Notes	For the nine months ended 30	
		September	
		2021	2020
		JD	JD
<b><u>OPERATING ACTIVITIES</u></b>			
Profit before income tax		10,613,719	1,797,505
<b>Adjustments for:</b>			
Gain from sale of property and equipment		(12,585)	(31,584)
Interest income on late payments		(3,496,186)	(2,919,877)
Interest expense on late payments		3,408,579	4,333,811
End-of-service indemnity		1,530,981	1,500,000
Depreciation and amortization		8,524,107	7,775,460
Depreciation portion related to non-core activities		89,738	80,777
Right of use assets depreciation		75,387	75,387
Lease liability finance cost		29,524	34,552
Interest expense		2,613,314	2,311,185
Amortization of excess of subscribers' contributions		(203,013)	(203,013)
Other provisions		61,407	87,939
Provision for slow moving inventories		736,020	-
Expected credit losses expense		1,147,647	1,150,000
<b>Working capital changes:</b>			
Inventories		(999,884)	263,966
Accounts receivable		(33,017,803)	32,890,923
Other current assets		(145,364)	393,328
Advances from subscribers		6,628,124	5,026,895
Subscribers' deposits		2,522,624	1,886,078
Accounts payable		11,579,360	(35,559,645)
Accrued expenses and other current liabilities		(259,571)	(944,075)
Provisions paid		(63,021)	(103,339)
End-of-service indemnity paid		(719,491)	(593,079)
Income tax paid		(3,949,562)	(880,157)
<b>Net cash flows from operating activities</b>		<b>6,694,051</b>	<b>18,373,037</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Projects in progress		(6,606,959)	(7,191,652)
Dispute lawsuits payments		(12,157)	(10,179)
Proceeds from sale of property and equipment		12,585	36,779
Purchase of property and equipment	3	(9,765,968)	(6,110,606)
<b>Net cash flows used in investing activities</b>		<b>(16,372,499)</b>	<b>(13,275,658)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Dividends paid		(3,930,304)	(3,927,816)
Repayment of long-term loan		-	(1,555,555)
Interest paid		(2,381,899)	(2,057,430)
Lease liability and finance cost payments		(132,000)	(121,000)
<b>Net cash flows used in financing activities</b>		<b>(6,444,203)</b>	<b>(7,661,801)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(16,122,651)</b>	<b>(2,564,422)</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>(54,398,640)</b>	<b>(39,803,590)</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**  
**30 SEPTEMBER 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 Mafrq), in accordance with the distribution license granted to the Company on 30 September 2008 for 25 years.

The General Assembly decided in its extraordinary meeting on 26 August 2021 to increase the Company's capital by an amount of JD 2,000,000 through capitalization from retained earnings balance, so that the Company's capital becomes JD 10,000,000. The capital increase procedures were completed at the Companies Control Department on 31 August 2021.

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 Company).

The interim condensed financial statements have been approved by the Board of Directors in their meeting held on 26 October 2020.

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

**Basis of Preparation**

The interim condensed financial statements for the nine-month period to 30 September 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 nine-month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

**IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY**  
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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:

**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 amounted to JD 9,765,968 for the nine months ended 30 September 2021 (30 September 2020: JD 6,110,606).

**(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. 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.

During 2021, the Company signed a loan restructuring agreement whereby the Company was given a grace period of three years for instalments only without interest starting from 17 January 2021. The loan is repayable over 12 semi-annual instalments of JD 1,555,555 each, except for the last instalment of JD 1,555,565. The first instalment is due on 3 December 2023. A fixed rate interest of 5% per annum shall be applied for the first year, after which a variable interest rate similar to the interest rate applicable on the Central Bank of Jordan deposits plus 2.65% margin ratio shall be applied, with a minimum gross interest rate of 5% per annum.



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**(5) INCOME TAX**

Income tax provision was calculated for the periods ended 30 September 2021 and 2020 in accordance with the Income Tax Law No. (34) of 2014 and its amendments. 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 and its amendments.

The Company obtained a final clearance from the Income and Sales Tax Department up to the year 2018. The Company submitted the income tax returns for the years 2020 and 2019 which have not been reviewed by The Income and Sales Tax Department up to the date of these interim condensed financial statements.

**(6) EQUITY**

**Paid-in capital -**

The Company's authorized, subscribed and paid-in share capital is 10,000,000 shares at 1 JD par value per share as of 30 September 2021.

The General Assembly decided in its extraordinary meeting on 26 August 2021 to increase the Company's capital by an amount of JD 2,000,000 through capitalization from retained earnings balance, so that the Company's capital becomes JD 10,000,000. The capital increase procedures were completed at the Companies Control Department on 31 August 2021.

**Statutory reserve -**

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

**IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(7) CASH AND CASH EQUIVALENTS**

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

	For the nine months ended 30 September	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	119,891	105,724
Bank overdrafts*	(54,518,531)	(39,909,314)
	<u>(54,398,640)</u>	<u>(39,803,590)</u>

\* This item represents the credit facilities granted to the Company from several local banks with a ceiling of JD 74,600,000, bearing an average interest rate of 4.795% per annum.

**(8) RELATED PARTIES**

Related parties represent major shareholders, Parent Company, Sister Companies, 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:

	30 September	31 December
	2021	2020
	JD	JD
	(Unaudited)	(Audited)
Due from Electrical Equipment Industries Company LLC (Sister Company)	<u>8,383</u>	<u>6,213</u>
Due from Electricity Distribution Public Shareholding Company (Parent Company)	<u>20,655</u>	<u>-</u>
Due to Electricity Distribution Public Shareholding Company (Parent Company)	<u>-</u>	<u>250,644</u>

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

	For the nine months ended 30 September	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Purchases from Electricity Distribution Company (Parent Company)	931,024	295,582
Purchases from Electrical Equipment Industries Company (Sister Company)	145,308	180,079

Salaries and other benefits for key management personnel of the Company are as follow:

	For the nine months ended 30 September	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Salaries and other benefits	378,428	384,925
Transportation and remuneration of Board of Directors	241,300	241,300
	<u>619,728</u>	<u>626,225</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 of credit in an amount of JD 3,102,664 (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 1,003,363. The Company's management and its legal advisor believe that the provision taken against these claims in the amount of JD 720,034 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 717,357 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 EMRC.

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

	For the nine months ended 30 September	
	2021 <u>(Unaudited)</u>	2020 <u>(Unaudited)</u>
Profit for the period (JD)	7,271,833	1,056,492
Weighted average of number of shares (share)	10,000,000	10,000,000
	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share from the profit of the period	<u>0/727</u>	<u>0/106</u>

**(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 profits of 2020 representing 50% of the Company's share capital on the meeting date (2020: 45%).

**(12) THE SPREAD OF CORONA VIRUS (COVID-19) AND ITS 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.