



Annual Report 2016



His Majesty King Abdullah II Bin Al Hussein



His Royal Highness
Prince Hussein bin Abdullah II

Table of Contents

Chairman's Message	10
Managing Director's Message	11
Board of Directors	12
SEPCO in Brief	13
Organizational Structure	14
SEPCO News 2016	15
Vision, Mission, Strategy, and Core Values	18
Strategy 2015-2016	19
Electric Power Generation Units in SEPCO	20
The Performance of SEPCO in 2016	21
- Nominal Capacity	21
- Contribution of SEPCO in Meeting the Electric Energy Demand	23
- Electricity Sales	25
- Technical Performance Indicators	26
Quality, Environment, Safety, and Occupational Health Policy (QHSE)	31
Quality, Environment, Safety, and Occupational Health (QHSE)	31
- Quality Performance	32
- Safety and Occupational Health Performance	34
- Environmental Performance	37
Human Resources	39
Training	40
Social Responsibility and SEPCO's Initiatives	42
- Universities and institutes undergraduates	42
- Conduct Free Medical Day	43
- Initiatives	43
On-going Projects	44
- Phase IV Combined Cycle Project	44
- Renewable energy project in Alquaira	44
Financial Statements for the Year 2016	45

Abbreviations

K.W	Kilo watt
M.W	Megawatt = One Thousand Kilowatt
M.W.H	Megawatt.Hour = One Thousand Kilowatt.Hour
G.W.H	Gigawatt.Hour = One Million Kilowatt.Hour
MBTU	Million British Thermal Unit
ISO	International Organization for Standardization
OHSAS	Occupational Health & Safety Assessment Series
LTI	Lost Time Injuries
QEHS	Quality, Environmental, and Occupational Health and Safety

Table of Figures

Figure 1	Development of Nominal Capacity in Jordan	21
Figure 2	SEPCO Contribution in Generated and Imported Electrical Energy in the kingdom	23
Figure 3	Peak Load Development in Jordan and SEPCO's Contribution	24
Figure 4	Electricity Sales (GWH)	25
Figure 5	Number of Maintenance days	26
Figure 6	Number of employees vs. development of nominal capacity	28
Figure 7	The four Phases Availability	29
Figure 8	Automated Operations Percentage	33
Figure 9	Number of work-related Injuries	34
Figure 10	Lost Time Injuries during the past five years (LTI)	35
Figure 11	Work-Related Injuries	35
Figure 12	Accident Pyramid	35
Figure 13	Fire Drills	36
Figure 14	The Meeting Of Occupational Health And Safety Committee	36
Figure 15	The Geographic Distribution of Employees	39
Figure 16	Number of employees according to job categories	39
Figure 17	Geographic distribution of employees	39
Figure 18	Training Courses Distribution By Department	40
Figure 19	The Participants Distribution By Department	40
Figure 20	Number of university and college students trained at SEPCO to fulfill graduation requirements	42
Figure 21	Free medical days expenses	43

List of Tables

Table 1	Electric Power Generation Units in SEPCO	19
Table 2	Renewable energy projects	21
Table 3	Generated and Imported Electric Energy in the Kingdom (G.W.H)	23
Table 4	Technical Performance Indicators /1	27
Table 5	Technical Performance Indicators /2	30

1

Chairman's Message



Jordan has taken an important steps in order to face the critical situation in the energy sector, since it consider one of the most pillars of the national economy and a primary driver in the power generation sector to bridge the need of various economic sector and daily needs.

Sepco tolerate to the needs of electricity in Jordan by providing the maximum amount of

the generated power of the national power system that it present or assimilate more than 30% of total power in kingdom.

Sepco is ongoing process to fulfill the needs of electrical power by expanding its project which matter to achieve the company's vision to become the pioneer in power generating sector.

In the past two years Jordan has endeavor to use the alternative energy sources by executing projects using renewable energy to reduce the cost of the imported oil invoices , also to reduce the pollution.

Sepco is supervising the azraq solar power plant, and another project in ma'an (ma'an wind project).
September 2016.

The company is dedicated to continue to build the institutional capacities through the utilization of the best management practices to attain the highest level of excellence within the technical, administrative, and financial standards recognized in the business sector, in general, and the energy sector, in particular. The results of the performance indicators of the strategic objectives indicate the incessant dedication combined with challenge, which is topped by the achievements of the Company's employees. This was translated by obtaining the Seal of

Excellence of the King Abdullah II Award for Excellence for the eighth session (2014-2015) for the large private industrial companies' category.

SEPCO dedicates its constant efforts to preserve the health and safety of its employees at all the locations. In addition, the Company has adopted the best practices and measures of occupational safety and health in the work environment. This is achieved through the combined efforts of all the employees and compliance with the safe practices related to occupational health, safety and environment, as well as the Company's continuous emphasis on the significance of complying with health and safety standards. This was translated by receiving of the Excellence Award for Occupational Safety and Health, which is launched annually by the Social Security Corporation.

In conclusion, the Board of Directors highly values and appreciates the efforts of all the colleagues and employees in their various locations to achieve the Company's vision, plans, and objectives, in serving the energy sector, and the national economy in general, and supporting the growth and prosperity of our beloved Jordan under the leadership of His Majesty King Abdullah II Bin Al Hussein.

Chairman of the Board of Directors
Dr. Maher Madadhah

2

Managing Director's Message



SEPCO has been always strive the remarkable achievements that were realized through the attainment of the Company's strategic objectives planned for the year 2016 by carrying out its responsibilities efficiently, competently, and professionally, relying on the capabilities of the Company and its qualified staff and expertise.

With a view to achieve the Company's vision on pioneering and leading electric power generation in Jordan and meeting the growing demand, SEPCO has incorporated in its plan to expand and build additional units to enhance its generation capacity to support the Jordanian electrical system and sustain the availability of electricity. A tender to add a 70 M.W steam turbine was awarded to the Chinese company SEPCOIII at the beginning of the year and implementation has commenced. This project will enter into commercial operation by the beginning of 2018.

SEPCO has achieved the required availability rate for the generation units for 2016 according to the target and planned values. Moreover, it has completed the annual comprehensive and preventive maintenance programs for all of its generation units as planned.

In line with the contents of the National Comprehensive Strategic Plan for the Energy Sector, which aims at enhancing the contribution of renewable energy projects in the Kingdom's total energy mix, the management, operation and maintenance of the renewable energy projects wholly owned by the government was initiated. The government has commissioned SEPCO to operate and maintain the (5 M.W) Azraq Solar Energy station, as well as to operate and maintain the Ma'an Winds Power project, with an estimated capacity of (85 M.W) This project was added as the sixth strategic objective in the area of raising the production capacity. Although SEPCO has a much lower tariff than the tariff

given to the private power production companies (IPP's), being wholly owned by the government,, SEPCO has been able to realize operating profits amounting to (31.3) Thirty Two Million and Eighteen Hundred Thousand JD due to the implementation of administrative, financial, and technical procedures and policies according to best applicable practices in the electricity generation sector, where SEPCO plans, controls, and rationalizes its expenditures which is reflected in its ability to generate profits.

SEPCO has also adopted the concept of strategic planning and institutional building based on the internationally recognized best management practices. The outcome of the Company's activities reflects its bright image and distinction within the energy sector, to reach the highest level of excellence in terms of the generally accepted technical, administrative, and financial standards in the business sector, in general, and the energy sector, in particular. SEPCO continued its outstanding achievements by obtaining the Seal of Excellence from the King Abdullah II Award for Excellence Foundation for the major private industrial companies' category at the beginning of the year 2016. Furthermore, SEPCO's excellence was recently demonstrated by getting the Excellence Award in Occupational Safety and Health, which is the result of the Company's concern for the environment and public safety by adopting the most up-to-date public safety, occupational health, and environmental systems, and taking on the best personal protection standards for workers according to the international standards and requirements.

In conclusion, I would like to thank the Board of Directors for their continuous support and valuable guidance; and I would like to thank all the employees of SEPCO for their remarkable efforts to achieve the Company's vision, goals, and objectives, as well as maintaining outstanding levels of performance, which had, and will always have, a vital role in placing our Company at the forefront of the companies operating in this sector to serve the national economy under His Majesty King Abdullah II Ibn Al Hussein, may Allah protect him.

Managing Director
Eng. Amjad Al-Rawashdeh

3

Board of Directors



Vice-Chairman
Dr. Mohammad Alhazaymeh



Board Chairman
Dr. Maher Madadhah

Members



Eng. Thabet Elwir



Dr. Tareq Alhammouri



Dr. Wael Ababneh

Managing Director



Eng. Amjad Al-Rawashdeh

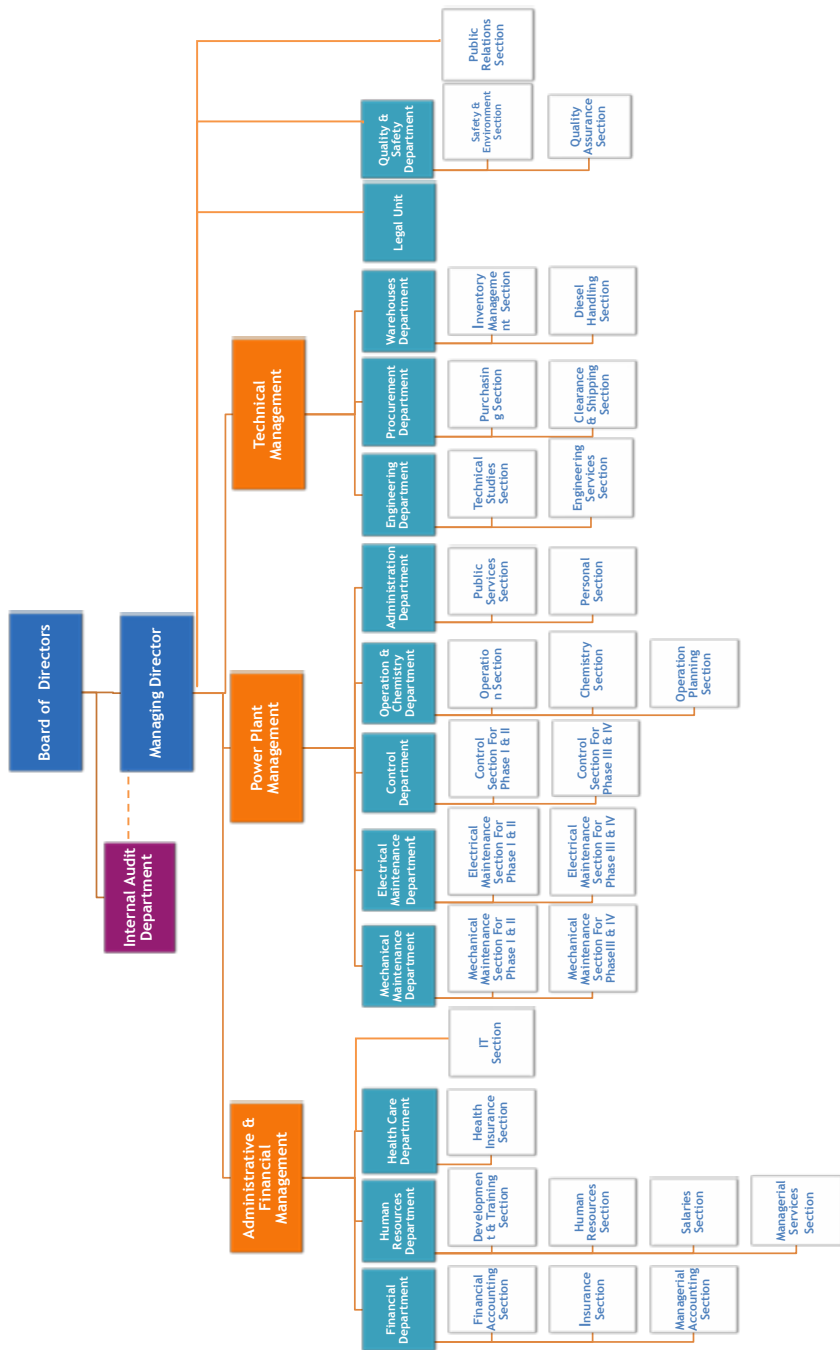
SEPCO in Brief

Samra Electricity Production Private Limited Liability Company, SEPCO, was established by the Government of the Hashemite Kingdom of Jordan in accordance with the provisions of the Companies Law No. (22) of 1997 in implementation of the Council of Ministers decision adopted in its meeting held on 26/08/2003 and documented in the Prime Minister's letter No. 58/11/02/13075 dated 27/08/2003. SEPCO is wholly owned by the Government with a capital of Fifty one million Jordanian Dinars. The Company has been registered with the Companies General Controller on 20/04/2004 under the number 40.



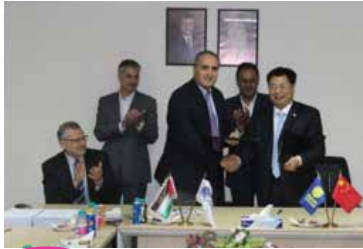
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Organizational Structure



6

SEPCO News 2016



The agreement for the Implementation of Phase IV Combined Cycle Project

The tender for the implementation of Phase IV Combined Cycle Project was awarded to the Contractor SEPCO III; the implementation of the project started at the beginning of 2016; the completion rate of the project reached 42% by the end of the year.

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3

Seal of Excellence

SEPCO has earned the Seal of Excellence of King Abdullah II Award for Excellence in the Private Sector - for the eighth cycle



Participation in the Occupational Safety and Health Excellence Award

The Company has submitted the participation report of the Occupational Safety and Health Excellence Award to fulfill the fifth strategic objective pertaining to institutional development, to acquire and sustain excellence awards from local bodies, and to provide local community services.

4

5

Conduct free medical days

Since its establishment, the Company has been keen to set up free medical days annually for the residents of Al-Sokhnah camp in Al-Hashimiyah District, to provide services for the local community. A free medical day was held in Al-Hashimiyah region on 16/05/2016.



Conduct Free medical days

A free medical day has been held in Al-Hashimiyah region in conjunction with Kingdom Independence remembrance and the Great Arab revolution centennial, a celebration has been the power station theatre on 04/06/2016.

6

6

SEPCO News 2016

6

Ramadan Iftar

Every year, the Company sets up a Ramadan Iftar, which reflects the Company's interest in strengthening social relations and ties among all its employees at all the levels.



Biannual meeting of the Managing Director with the Company's employees

In order to create a participatory working environment, the Managing Director met with the staff of the Company's administration and station staff separately. During the meetings, the Company's affairs were discussed; in addition, a number of employees raised several issues of concern for employees and work.

7

7

Blood Donation Campaign

The Company supervised the blood donation campaign carried out by the National Blood Bank on 11/07/2016 at the station, and on 25/07/2016 at the main offices. The Blood Bank shall open a special account for Samra Electric



Visit of the Minister of Energy and Mineral Resources

The Minister of Energy and Mineral Resources visited Samra Company on 4/8/2016 and review the strategic plan, the Company's achievements, and the challenges facing the Company in the Kingdom.

8

8

Visit by the Social Security Corporation of the station

The Social Security Corporation visited the station on 28/8/2016 and reviewed the documents that confirm the Company's compliance with the occupational safety and health requirements and standards. In honor of the Company's commitment, it has received the award for the category of gas and electricity supply sector - electricity generation and distribution.



6

SEPCO News 2016



Installation and connection of the solar power system

The Company's management installed 54 solar cells on the roof of the main administration building with a maximum generating capacity of 14 kilowatts, representing 15% of the building's electricity consumption. The system was connected to the electrical grid on Wednesday 5/10/2016.

10

10

Renewal of the certificates of Quality, Environmental, and Occupational Health and Safety management systems

The certificates of the Integrated System have been renewed by the Innovations Company for Certification Services (TUV).



Think Pink Campaign

The Company adopted the "Think Pink Campaign and held a workshop in coordination with the King Hussein Cancer Foundation at both the offices and the station to educate employees about breast cancer and the importance of early detection.

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11

Savings Meeting

All the employees of the Company were invited to attend the Savings Meeting to cast their votes on the committee's decisions to enhance the core value of teamwork.



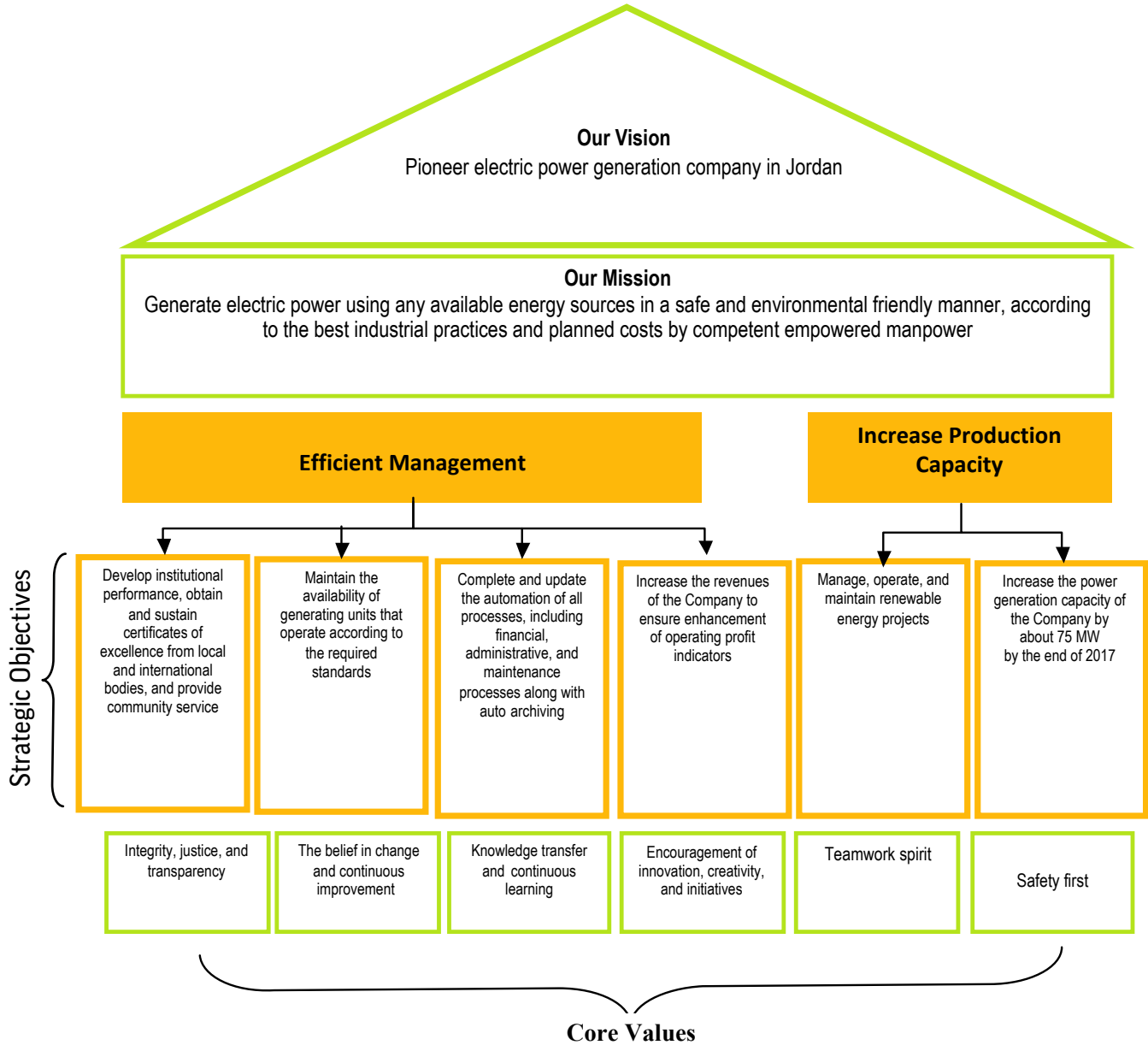
Meeting of the Managing Director with the Company's staff

As part of the company's dedication to stimulate communication and connection, an event was held at the end of 2016, under the auspices of the Directing Manager, which was attended by the employees of the Company, where they were informed the achievement percentage of strategic objectives.

12

7

Vision, Mission, Strategy, and Core Values



8

Strategy 2015-2017

SEPCO has completed the implementation of the five strategic objectives for the years 2015-2017 in accordance with previous plans through achieving the tactical objectives of the year 2016. The Company's management made the determination to add a sixth strategic objective to manage, operate and maintain renewable energy projects in line with the energy sector strategy to implement renewable energy projects.



9

Electric Power Generation Units in SEPCO

Table(1): Electric Power Generation Units in SEPCO

Unit	Phase	Commercial Operation Date	Nominal Capacity M.W
First Gas Turbine	Phase I	01/11/2005	100
Second Gas Turbine		11/02/2006	100
First Steam Turbine		08/01/2006	100
Third Gas Turbine	Phase II	13/12/2007	100
Fourth Gas Turbine		05/07/2008	100
Second Steam Turbine		02/08/2010	100
Fifth Gas Turbine	Phase III	25/01/2011	143
Sixth Gas Turbine		04/05/2011	143
Third Steam Turbine		15/06/2015	143
Seventh Gas Turbine	Phase IV	26/06/2013	146
SEPCO Nominal Capacity			1175

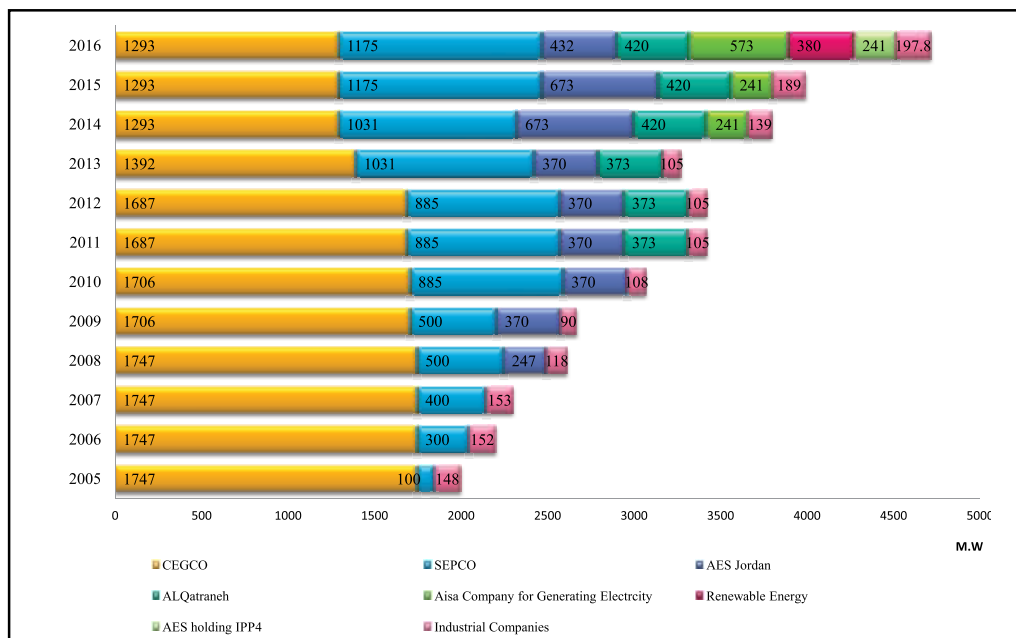


10

The Performance of SEPCO in 2016

10.1 Nominal Capacity

The energy sector in Jordan has faced a major challenge in the growing demand for electricity over the past years. In order to meet this demand, the government commissioned SEPCO to increase its production capacity through the expansion of Phase IV by (70 M.W). In 2016, the total nominal capacity of the electrical system in Jordan reached (4712 M.W), of which the nominal capacity of SEPCO was (1175 M.W) constituting 25% share of the nominal capacity in Jordan. Figure (1) shows the development of the nominal capacity in Jordan.



Figure(1): Development of Nominal Capacity in Jordan

In addition, SEPCO also manages and operates renewable energy projects which are implemented by the Ministry of Energy and Mineral Resources with a nominal capacity of (200 M.W) to meet the increasing demand for electricity. These projects are:

Table(2): Renewable energy projects

Project	Production Capacity M.W	Commercial Operation
Al-Azraq Solar Cell Project	5.17	21/05/2015
Ma'an Winds Project	85	22/09/2016
Alquaira Solar Energy project	115	The project will enter commercial operation in 2017



10.2 Contribution of SEPCO in Meeting the Electric Energy Demand

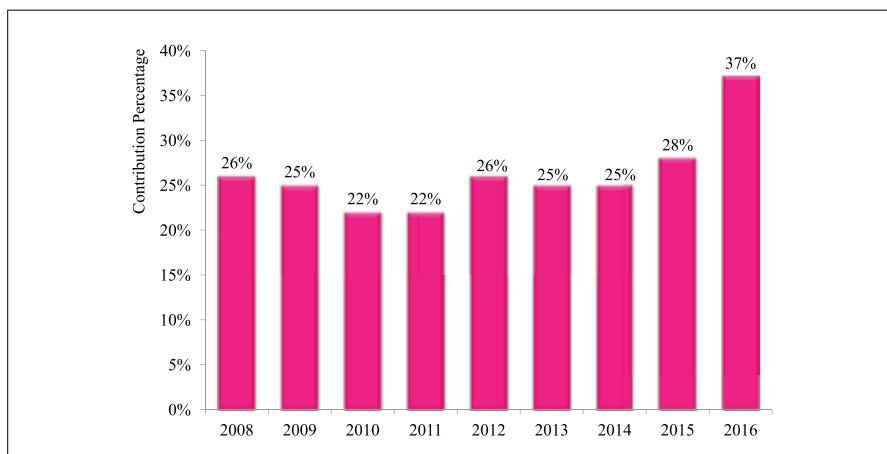
- Contribution in the generated and imported electric energy in the Kingdom

In 2016, the total generated and imported electric energy in the Kingdom has reached (19721.7 G.W.H) compared to (19515 G.W.H) in 2015 with a growth rate of 1%. The contribution of SEPCO was (7194.4 G.W.H), which constitutes 37%.

Table (3): Generated and Imported Electric Energy in the Kingdom (G.W.H)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Central Electricity Generating Company	8851	8009	7655	8051	7789	7381	7964.3	6366	4260.4
Samra Electric Power Company	3736	3629	3467	3597	4595	4499	4521	5387	7194.4
Al Manakher East Amman Company AES	896	2350	3287	2267	1596	2640	1988.4	1826	3163
Al Qatraneh Electric Power Company	-	-	53	454	2353	2437	1519.9	2285	2880.6
Amman Asia for Energy	-	-	-	-	-	-	895.3	1401	262.8
AES Levant holding	-	-	-	-	-	-	730.2	1122	509
Winds Projects	-	-	-	-	-	-	-	121	387.5
Solar Projects	-	-	-	-	-	-	-	2	266.3
Industry Sector	309	205	-	191	179	222	312	309	441.6
Others *	-	-	225	-	-	-	23	23	22.3
Imported Energy (Egypt)	547	383	670	1738	784	381	434.9	604	333.8
Total generated energy (Generated+ Imported)	14385	14655	15447	16385	17380	17669	18238	19515	19721.7
Annual Growth Percentage (%)	-	2	5	6	6	1.7	3.2	7	1.05
SEPCO Contribution percentage (%)	26	25	22	22	26	25	25	28	37

* King Talal Dam + Jordan Biogas Company



Figure(2): SEPCO Contribution in generated and imported electrical energy in the Kingdom



- Contribution during Peak Load Demand

In 2016, the total peak load of the interconnected electrical system has reached (3250 M.W) compared to (3300 M.W) in 2015. SEPCO's contribution during peak load recorded on 27/12/2016 was (1056 M.W) which constitutes 33%. whereas Figure (3) shows SEPCO's contribution to meet the demand at peak load.

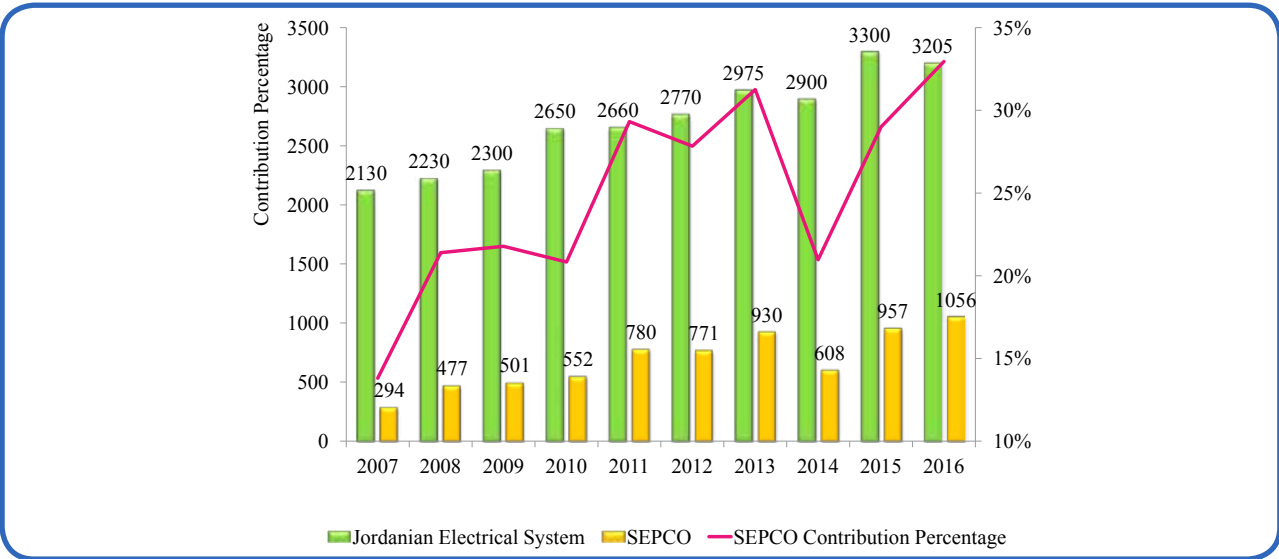


Figure (3): Peak Load Development in Jordan and SEPCO's Contribution



10.3 Electricity Sales

SEPCO's total electricity sales increased by 34.8% by the end of November 2016 compared to the same period last year. The Company's electricity sales amounted to (7.038 G.W.H) in 2016 compared to (5.219 G.W.H) in 2015 according to the operating method of the National Electricity Company. Figure (4) shows the electricity sales during the previous seven years.

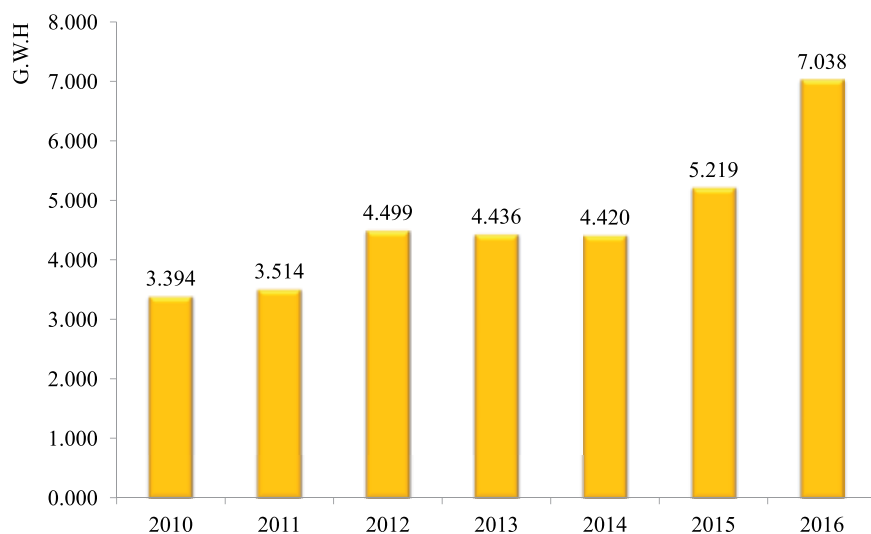


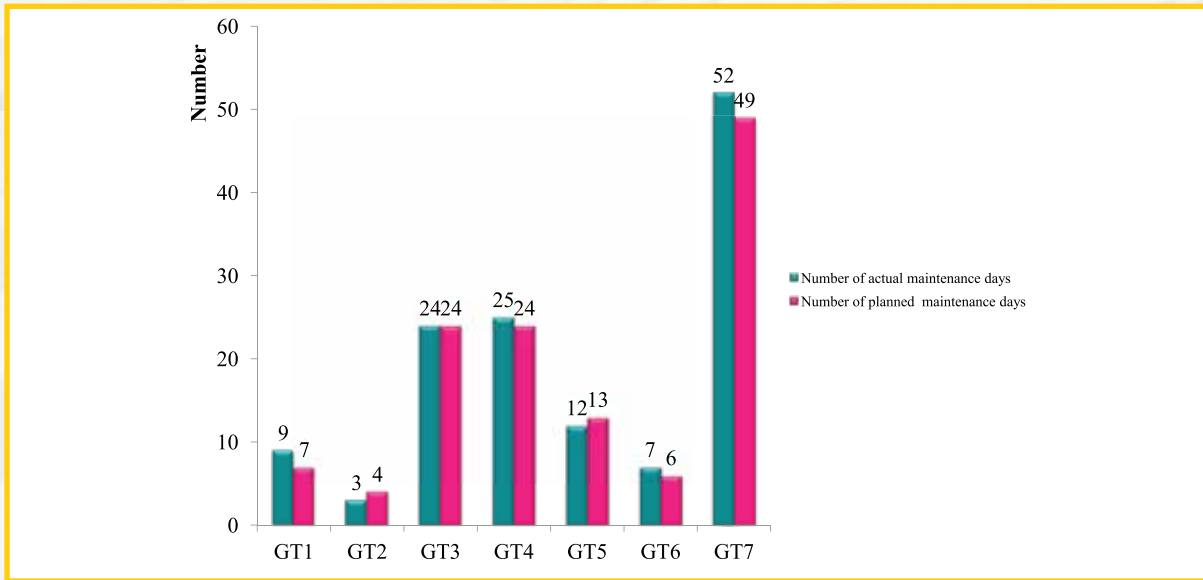
Figure (4): Electricity Sales (G.W.H)



10.4 Technical Performance Indicators

- Major Maintenance Works

SEPCO has completed the annual comprehensive and preventive maintenance programs for all of its generating units as planned and as shown in Figure (5) This was reflected in the Company's technical performance indicators, where the realized availability for the year 2016 exceeded the target values for all the generation phases and the annual productivity per employee increased by 1% compared to 2015.



Figure(5): Number of Maintenance days



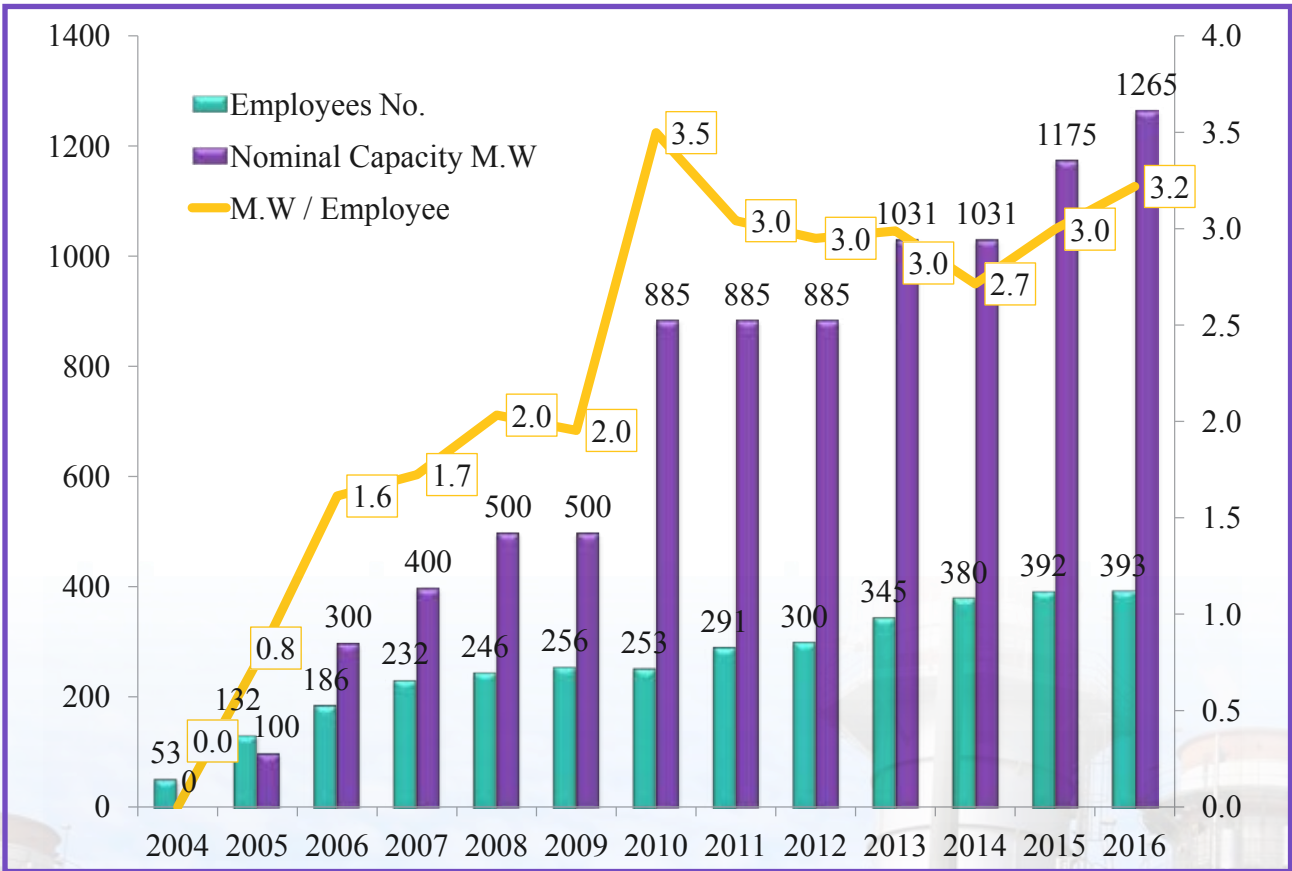
- Technical Performance Indicators

Table(4): Technical Performance Indicators /1

Indicator	2010	2011	2012	2013	2014	2015	2016
Generated Efficiency Combined Cycle / Phase I %	44.6	42.9	44.4	44.6	43.9	43.16	42.4
Generated Efficiency Combined Cycle / Phase II %	31.8	41.9	43	42.8	43.2	42	40.7
Generated Efficiency Combined Cycle / Phase III %	-	30.4	33.4	32.8	28.6	44.58	45.8
Generated Efficiency Simple Cycle / Phase IV %	-	-	-	29	27.3	27.8	34
Availability of Gas Turbine Number One (GT1) %	94.1	89	87.6	96.9	91.3	96.45	96.5
Availability of Gas Turbine Number Two (GT2) %	89.9	83.7	85.3	96.1	95.4	93.28	96.6
Availability of Gas Turbine Number Three(GT3) %	93.5	93.1	96.6	86.3	98.5	98.22	88.7
Availability of Gas Turbine Number four (GT4) %	99.5	75.9	96.9	98.1	92.7	98.01	92.1
Availability of Gas Turbine Number Five (GT5) %	-	97.3	98.3	96.3	82.3	95.93	94.3
Availability of Gas Turbine Number Six (GT6) %	-	84.5	98	98.3	98.4	80.52	94.8
Availability of Gas Turbine Number Seven (GT7) %	-	-	-	81.5	86.9	90.37 ⁽¹⁾	98.8
Availability of Steam Turbine Number One (ST1) %	95.4	89.7	95.3	99.8	89.9	98.71	98.9
Availability of Steam Turbine Number Two (ST2) %	-	-	95.2	98.7	93.8	99.26	98.6
Availability of Steam Turbine Number Three (ST3) %	-	-	-	-	-	89.17	95.8
/Annual Productivity (G.W.H Employee)	14	12	15	13	12	13	18
Combined energy (M.W./Employee)	2	3	3	3	2.7	3	3.2

Explanation:

(1) Phase IV annual availability started on 26/6/2013 according to the commercial operation.



Figure(6): Number of employees vs. development of nominal capacity



1 : 3.2 M.W

- Availability of Generation Phases

The following figures show the availability of the four phases over the past five years, which has realized the requirements according to the agreements with the National Electricity Company that are governed by the decisions of the Commission.

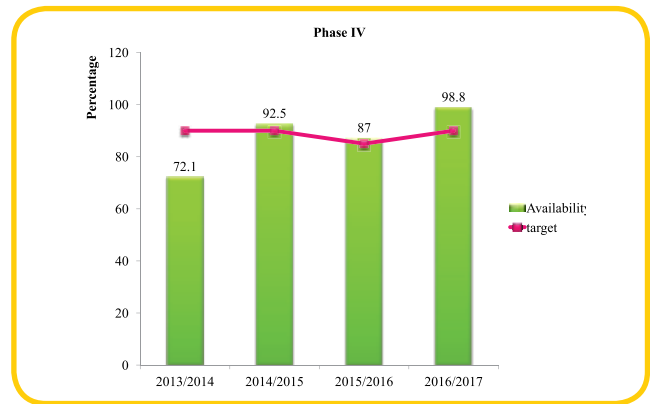
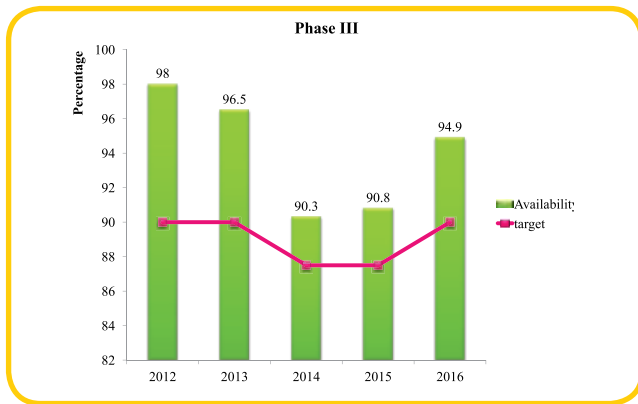
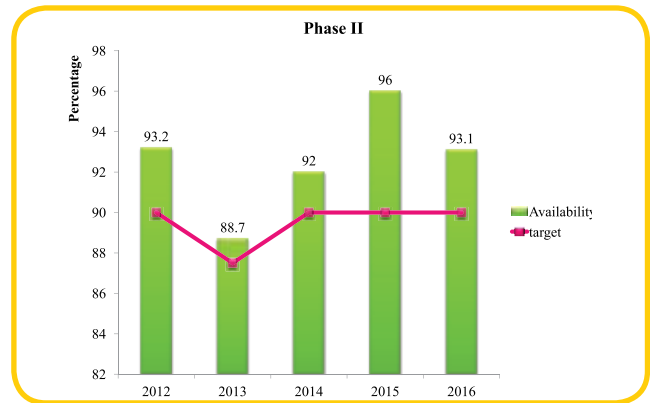
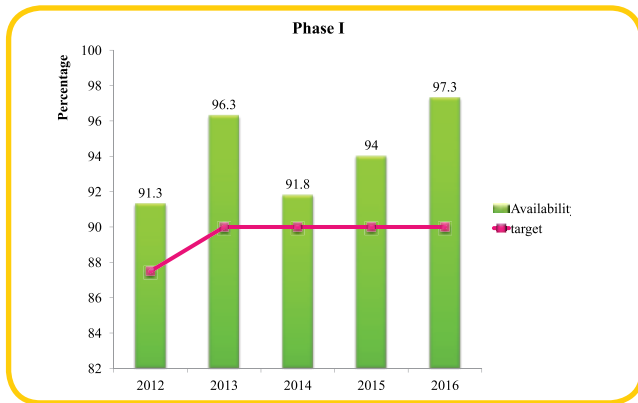


Figure (7):The Four Phases Availability

Table (5): Technical Performance Indicators /2

Indicator	2010	2011	2012	2013	2014	2015	2016
Generation Capacity (M.W.)	600	885	885	1031	1031	1175	1175
Generated Energy (G.W.H)							
Gas turbine 1	799.7	610.1	717.6	740.3	668.1	592.607	727
Gas turbine 2	735.4	514.7	585.1	760.5	644.4	502.635	712
Steam turbine 1	812.4	607.9	691.4	795.2	706.1	576.608	781
Steam turbine 3	397.6	573.1	611.8	547.3	658.7	588.24	497
Gas turbine 4	499.9	437.7	695.4	604.2	676.7	521.398	475
Steam turbine 2	210.4	478.5	655.1	569.5	678.6	471.974	475
Gas turbine 5	-	256.2	396.4	192.9	108.1	594.416	1194
Gas turbine 6	-	125.9	241.7	224.3	137	548.693	1221
Steam turbine 3	-	-	-	-	-	168.457	1055
Gas turbine 7	-	-	-	64.5	243.3	807.856	60
Internal consumed energy (G.W.H.)	73	84	97	109	100	116	156.74
Internal consumed energy (%)	2.1	2.3	2.1	2.4	2.4	2.36	2.17
Diesel oil consumption (m ³ *1000)	40.6	579.8	844	787.3	989.1	330.09	8.6
Natural gas consumption/Egypt gas (MBTU*10 ⁶)	27.7	7.8	7.1	8.5	1.4	31.88	56.127
Forced outage factor (%)	2.3	6.2	3.7	4.7	2.3	1.45	0.62
Planned outage factor (%)	2.6	4.6	4.8	7.3	4.14	2.5	2.11

11

Quality, Environment, Safety, and Occupational Health Policy (QHSE)

SEPCO adopted the quality, environment, safety, and occupational health policy, which incorporates the Company's vision and its commitment towards the health and safety of its employees, as well as protecting the environment, improving the quality of work, and compliance with the requirements of the customer and the legal requirement; this is represented by the following:

- Efficient and effective power generation in terms of time, money and technology.
- Sustainable development through the conservation of natural resources, the adoption of environmentally friendly technologies based on the principle of prevention, and minimization and mitigation of impacts.
- Provision of a safe, healthy, and risk-free work environment.
- Ensuring the satisfaction of partners (and stakeholders) regarding the Company's activities
- Continuous improvement of systems and practices to conform to and comply with the applicable laws and regulations.

We believe that this policy can be achieved by implementing the requirements of the international standards for quality, environment, occupational safety and health management, namely, ISO9001:2008, ISO14001:2004, and OHSAS18001:2007.



12

Quality, Environment, Occupational Safety and Health (QHSE)

SEPCO's commitment to meet the requirements of the international standards for quality, environment, occupational safety and health begins with the compliance of senior management and it is the responsibility of all the employee of the Company. The Company has adopted an integrated system for quality, environment, occupational safety and health to realize its vision and mission to lead electricity generation in a safe, effective, and environmentally friendly manner. This commitment has played a vital role in further enhancing the Company's reputation and its prestigious position as well as achieving its vision and mission.

12.1 Quality Performance

- Renewal of the certificates of Quality, Environmental and Occupational Health and Safety Management Systems

The Company has been keen to maintain the certification of the three Quality, Environmental and Occupational Health and Safety Management Systems (QHSE) and to continue to build the institutional capacity through the application of all international standards requirements. In the last quarter of 2016, the certificates were renewed by AIMubedoun Company for Awarding Certificates Services (TUV).



- The Seal of Excellence

The Company has been keen to continue to build its institutional capacity, to realize the concept of quality through institutional building that is based on the best universally recognized management practices, and to be distinguished amongst the energy sector to reach the highest level of excellence in terms of the recognized technical, administrative, and financial standards in the business sector, in general, and in the energy sector, in particular. This was translated into action by obtaining the Seal of Excellence of the King Abdullah II Award for Excellence for the eighth session (2014-2015) for the large private industrial companies' category. This excellence and accomplishment is a testimony of the Company's institutionalized business and culture of excellence it has adopted for all its activities to become a model of a successful public sector company.



- Automation of the operations of the Company

As part of its commitment to enter the era of technology and to develop its institutional performance, SEPCO has included a third strategic objective in its 2015-2017 Strategic Plan pertaining to the completion of automation and upgrading of the operations of the Company to cover all financial, administrative, and maintenance operations as well as electronic archiving, which is the center of efficient management. During the last two years, the Company proceeded to automate all its operations; and by the end of 2017, the work on the strategic objective will be completed.

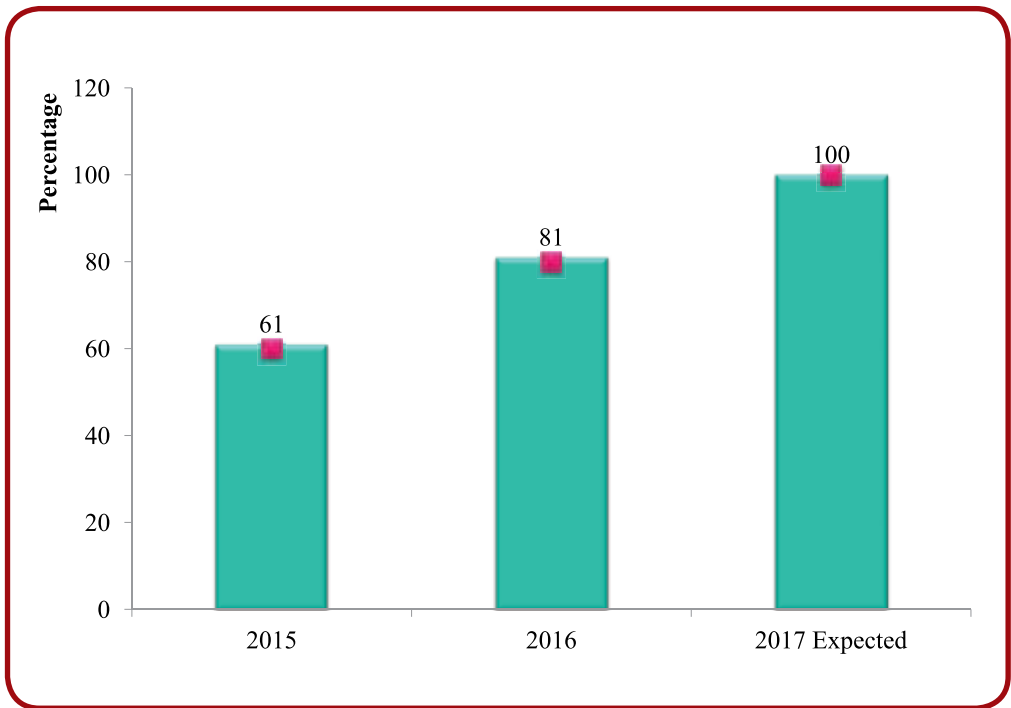


Figure (8): Automated operations percentage

12.2 Safety and Occupational Health Performance

- Obtain the Award of Excellence in Occupational Health and Safety

The Company achieved success and distinction, which is added to its record of achievements, by obtaining the Award of Excellence in Occupational Safety and Health in 2015, granted by the Social Security Corporation, owing to its commitment to apply the standards of occupational safety and health in accordance with the in force legislation.



- Decrease in work-related injuries in 2016

SEPCO believes that the awareness of the employees of the concept of occupational safety and health is a significant part of promoting the culture of sustainable safety. This was evidenced in a 67% decrease in work-related injuries in 2016 compared to 2015, which is a result of applying the integrated system of operation of quality, environment, and occupational health and safety management.

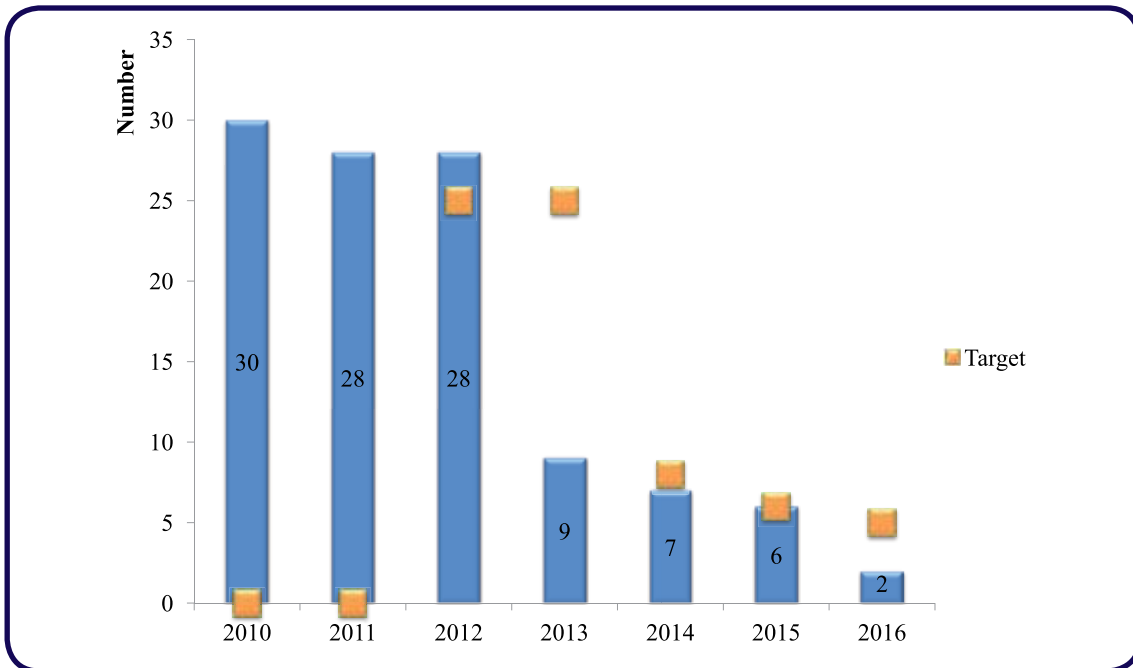


Figure (9): Number of work-related Injuries

Figure (10) indicates a decrease in Lost Time Injuries (LTI) per 200 thousand working hours during the past five years.

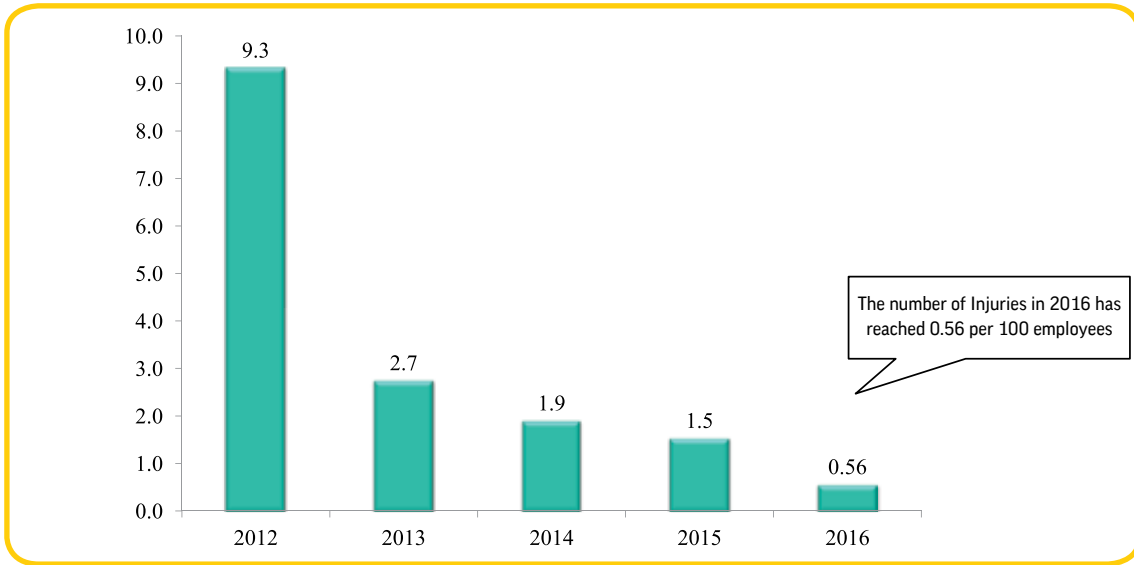


Figure (10): Lost Time Injuries during the past five years (LTI)



Figure (12): Accident Pyramid

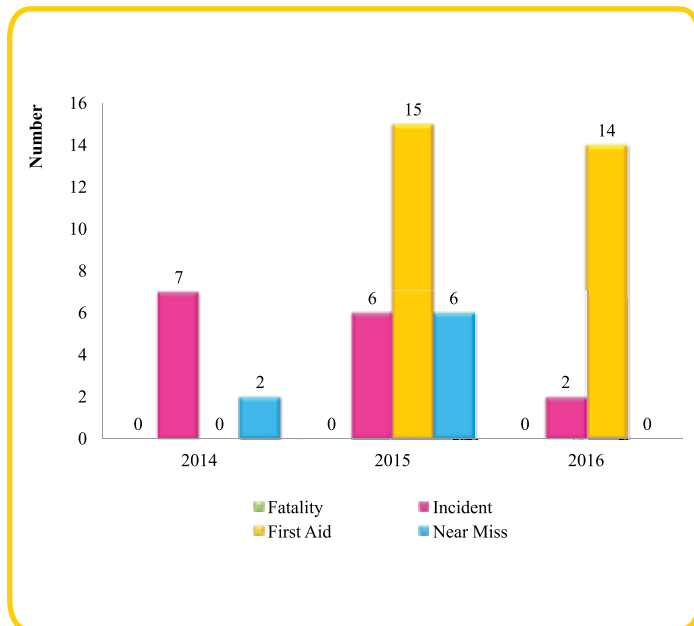


Figure (11): Work-Related Injuries

- Evacuation drills

Due to the importance of safety in the Company's institutional work, which is adopted in its core values and seeks to realize and follow up, the Company conducts a number of evacuation drills every year in the main offices and the station. The number of evacuation drills over the last three years is as follows:

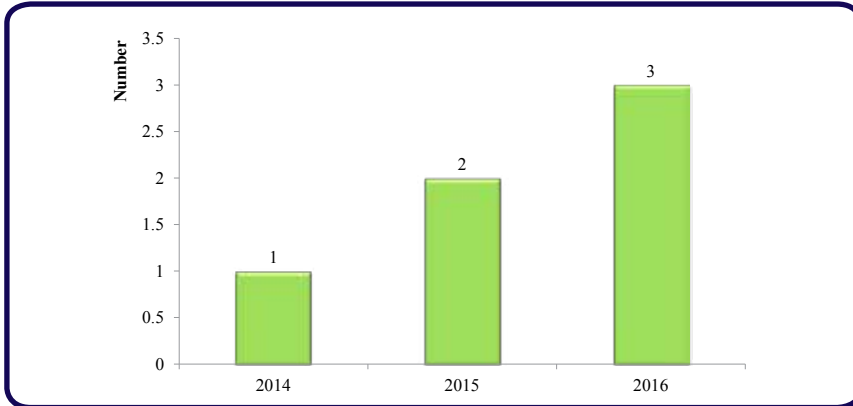


Figure (13): Fire Drills

- Meetings of the Occupational Safety and Health Committee

The company is dedicated to promote a culture of occupational safety and health and to care for the health of its employees. Accordingly, the Company formed the Occupational Safety and Health Committee, which comprised employees from the various categories to convene monthly meetings in order to monitor, identify, and control the risks, as well as to spread a culture of safety among employees through holding periodic lectures targeting all career levels.

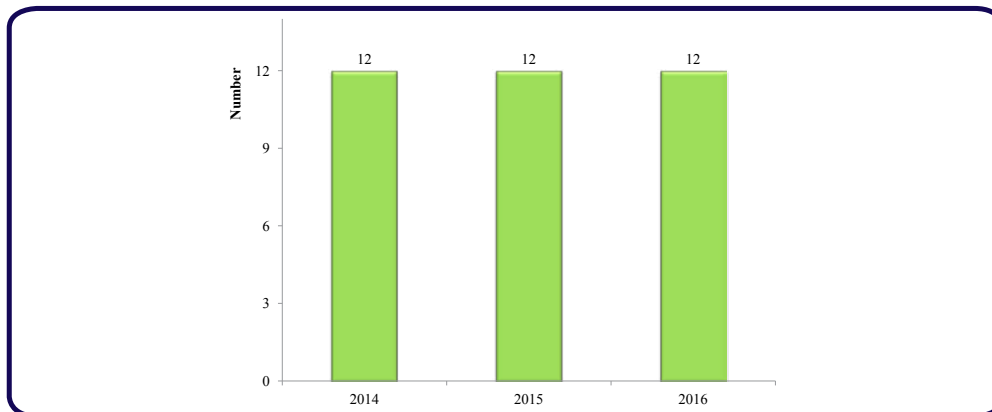


Figure (14): The Meeting Of Occupational Health And Safety Committee

12.3 Environmental Performance

- Company without any environmental violations

During the previous years, including 2016, no environmental violations were recorded against SEPCO. This is a result of the Company's dedication to the environment, the employees increased awareness of environmental issues, as well as maintaining the ISO14001 certification, which sets out the criteria for an effective environmental management system.

- Installation of solar cell panels on the head office building

In view of Jordan's recent interest to turn to exploiting alternative energy sources for electric power generation, SEPCO went along with this trend through the installation of (54) solar cell panels on the roof of the head office building for the exploitation of solar energy to generate a maximum capacity of (14 kW) constituting 15% of the electricity consumption of the building; the system was linked to the electrical grid on Wednesday 05/10/2016.



- Signing an agreement for recycling paper

SEPCO renewed the agreement concluded with AL-Ajyal for Recycling Solid Materials Company in November of 2016 to collect paper waste generated from the head office as well as the station and recycle it. SEPCO has been recycling paper for two years since 2014, providing Al-Ajyal company with (20) tons of paper by the end of 2016. SEPCO will receive (10) paper packs for each ton of recycled paper collected.

- Reduce thermal emissions

SEPCO continues to pay attention to green economy in its operations ever since the construction of the station because of its economic, environmental and social effects in terms of raising the efficiency of generation from 35% to about 50% without the use of additional fuel and reduction of emissions to the atmosphere. In this context, SEPCO, at the beginning of 2016, embarked upon adding one steam generator, one steam turbine, and all the auxiliary equipment to convert Phase IV from a simple cycle into a combined cycle without the need to burn additional quantities of fuel, but rather rely on the exhaust gases emitted by the combustion process with a capacity of about (70 M.W). This will enter commercial operation at the beginning of 2018.

- Management, operation, and maintenance of renewable energy projects

Ma'an Winds Project

SEPCO commenced operating, maintenance and management of the Ma'an winds project on 22/09/2016. This is the second project supervised by the Company with a capacity of (85 M.W.). The project aims to exploit the wind energy in Ma'an region to generate electricity and feed the electric grid, thus contributing in meeting the growing demand for electricity, lowering the oil importing bill, preserving the environment, and encouraging investment through the optimal utilization of natural resources.



13 | Human Resources

Figure 15 below shows the increasing growth in the number of employees since the establishment of SEPCO until the end of 2016. The workforce reached (393) employees at the end of the year, distributed among the Company's departments. Technical staff (including engineers and technicians) represented 66% of the total staff, whereas the administrative staff represented 44%, as shown in Figure 16. Both the financial and administrative and technical departments are located in the head office in Amman, while the station (power plant) management is located in Al-Hashimiyyah - Zarqa, which employs about 79% of the total staff, who work to sustain the major operations of electric power generation including operation, maintenance and management.

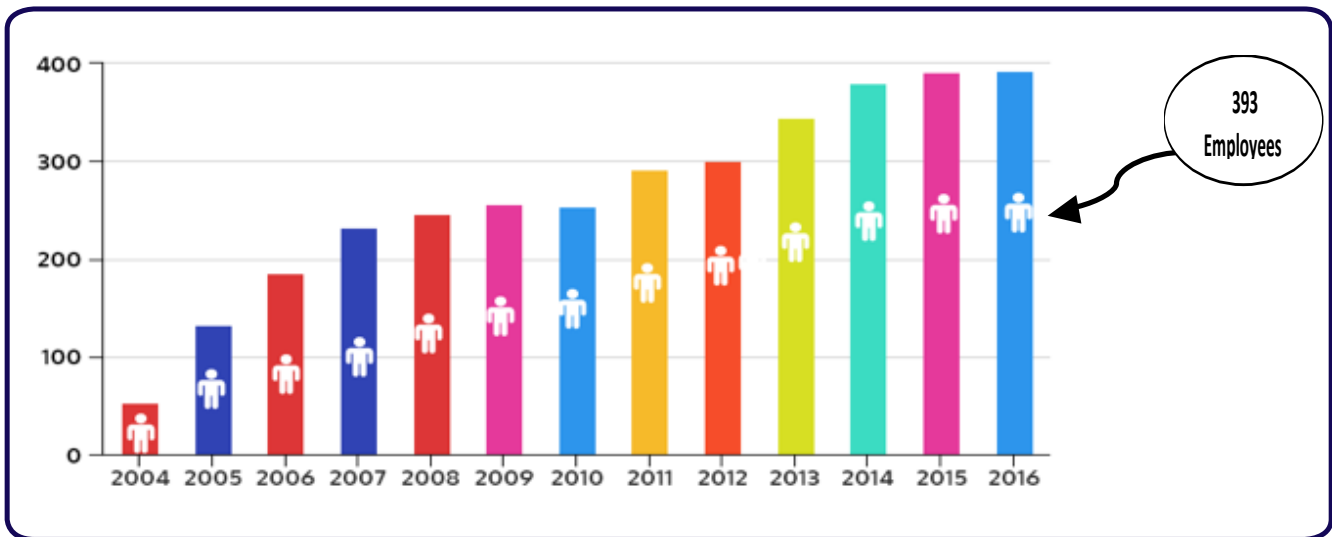


Figure (15): Shows The Geographic Distribution of Employees

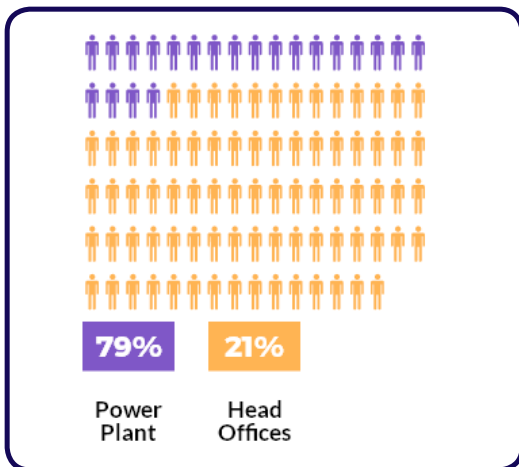


Figure (17):
Geographic distribution of employees

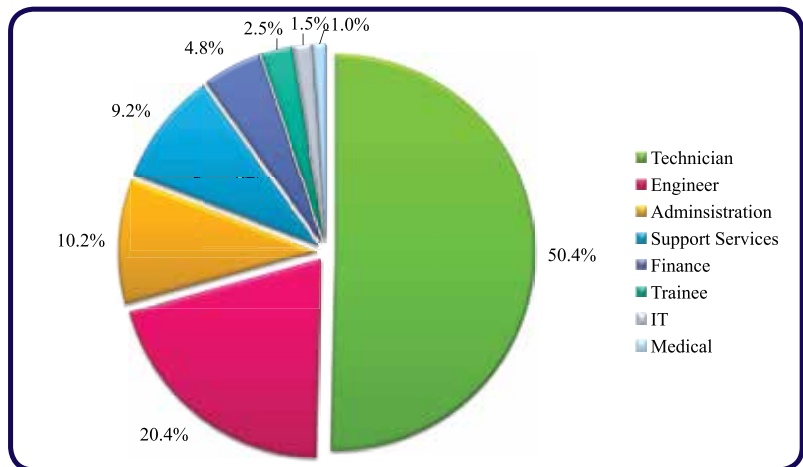


Figure (16): Number of employees according to job categories

14 | Training

During 2016, SEPCO developed and improved the performance of its employees through implementing the training plan based on the actual training needs of the employees. The employees attended various training courses in administrative, technical and financial fields in addition to courses on quality, environment, occupational safety and health. Figure (18) shows the distribution of training courses by department.

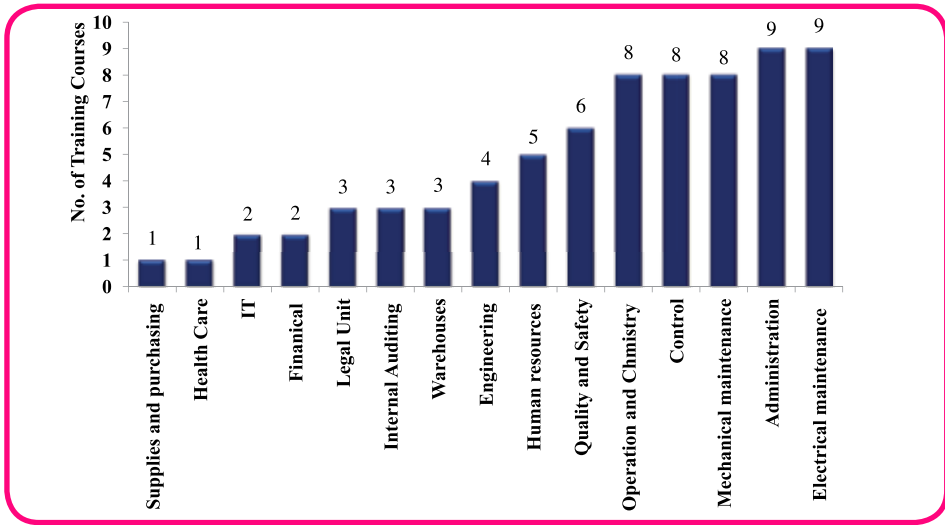


Figure (18): Training Courses Distribution By Department

Figure (19) Shows The Participants Distribution from the various departments of the Company.

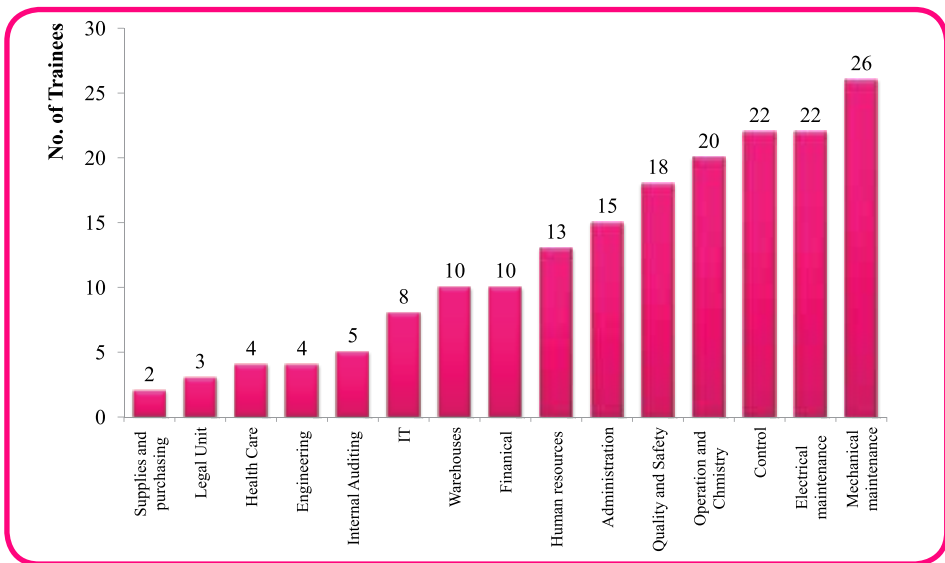


Figure (19): The Participants Distribution By Department



شركة السهرا لتوليد الكهرباء
Samra Electric Power Co. [SEPCO]

15

Social Responsibility and SEPCO's Initiatives

During 2016, SEPCO continued its efforts to enhance its role in serving the community by implementing a number of social activities, services and initiatives to realize its fifth strategic objective of serving the local community, as follows:

15.1 Universities and Institutes Undergraduates

In view of SEPCO's commitment to social responsibility, training of university and college students was carried out in 2016 to acquaint them with the latest electric power generation technologies and the relevant industrial equipments. The number of trained students reached (76) trainees from the universities and colleges in the Kingdom. Figure (20) shows the number of post-secondary students who were trained at SEPCO to fulfill the graduation requirements during the past four years.

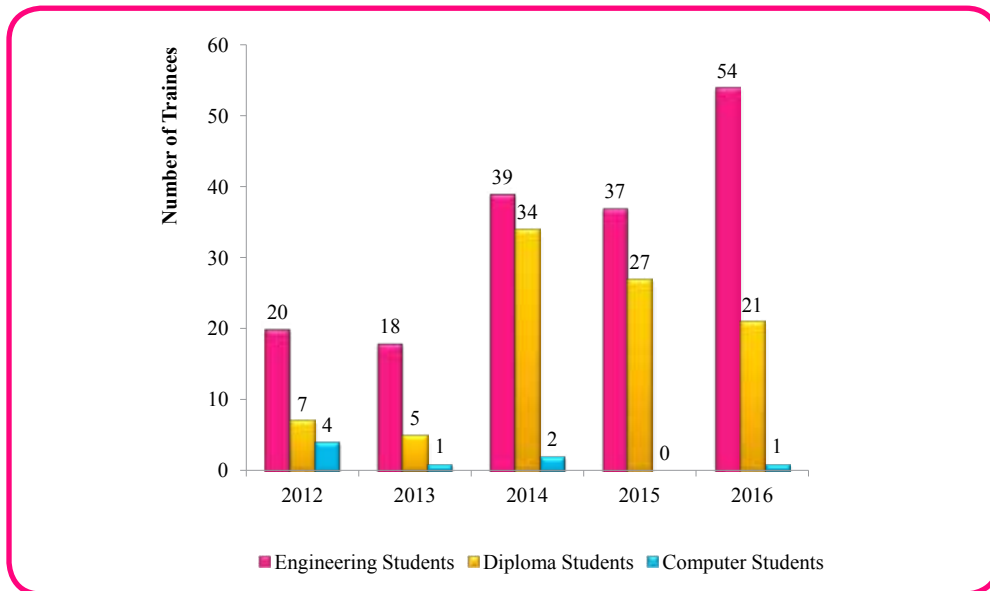


Figure (20): Number of university and college students trained at SEPCO to fulfill graduation requirements

15.2 Conduct Free Medical Day

Believing in the importance of effective participation in the local community, SEPCO held two free medical days; the first on 16/05/2016 and the second on 04/06/2016 in Al-Hashimiyyah District and Sokhna region with the voluntary participation of doctors from the private sector, pharmaceutical companies, and the Ministry of Health. Figure (21) indicates a rise in the expenses of medical treatments offered by the Company during the past six years along with a decrease in the administrative expenses to realize the second strategic objective on reducing the administrative expenses in order to increase the profits of the Company. The administrative expenses for the free medical days in 2015 amounted to (8,000) JOD, whereas the cost of the medication offered was estimated at around (80,000) JOD.

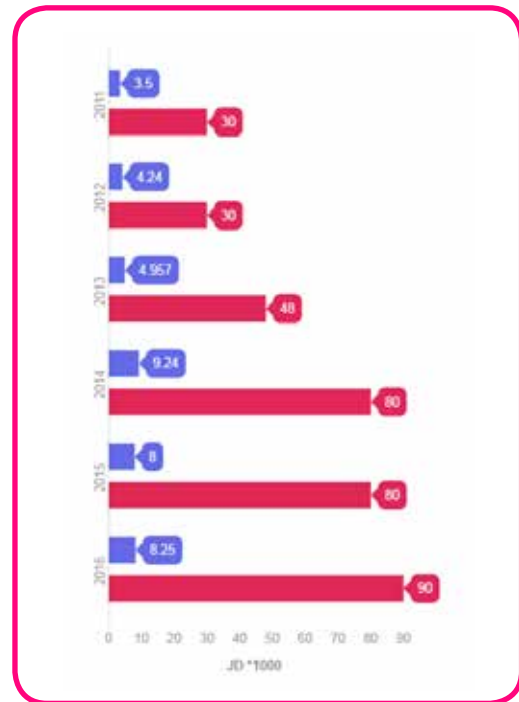


Figure (21): Free medical days expenses

15.3 Initiatives

- Blood Donation Campaign

The Healthcare Department supervised the blood donation campaign carried out by the National Blood Bank on 11/07/2016 and 10/10/2016 at the station, and on 25/07/2016 at the main offices. The Blood Bank shall open a special account for Samra Electric Power Company for its employees and their families to benefit from in the future.

- **Donate air conditioners and loudspeakers to Salah Eddin Al Ayyubi mosque in Al-Hashimiyyah region on 9/11/2016.**

16

On-going Projects

16.1 Phase IV Combined Cycle Project

The tender for the implementation of Phase IV Combined Cycle Project was awarded to the Chinese company SEPCO III to undertake adding the fourth steam turbine by converting the seventh gas unit from simple cycle to combined cycle without the need to burn any additional amounts of fuel and relying on the exhaust gases from the combustion process with a (70 M.W) capacity. It is expected to enter commercial operation at the beginning of 2018, as the completion rate of the project reached 30.5% at the end of the year.



16.2 Renewable energy project in Alquaira

Alquaira solar energy station is one of the pivotal projects in the implementation of the program on diversifying power generation resources in Jordan. The station's generation capacity is about (115 M.W). During 2016, the project's executing company completed the designs. The station is expected to enter commercial service by the end of 2017, and it will be fully owned by the government, whereas SEPCO will carry out the maintenance and operation works of the project. This is the largest project in the field of electricity generation using solar energy, which will be completed within 16 months.

Financial Statements For The Year Ended in December 31,2016



Contents	Page
Independent auditor's report	47-48
Statement of financial position	49-50
Statement of profit or loss and other comprehensive income	51
Statement of changes in equity	52
Statement of cash flows	53
Notes forming part of the financial statements	54-77



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Samra Electric Power Company
Private Shareholding Company
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Samra Electric Power Company (the Company), which comprise:

- The statement of financial position as at 31 December 2016;
- The statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and
- Notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended at 31 December 2015 were audited by another auditor, who issued an unqualified auditor report dated at 25 March 2016.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

The company maintains proper accounting records, and the financial statements are in agreement therewith.

Samman & Co

Ahmmad Alramahi

868

23 March 2017

Amman - Jordan

SAMRA Electric Power Company
Private Shareholding Company
Amman - Jordan

Statement of financial position as at 31 December 2016

	Notes	2016	2015
		JD	JD
Assets			
Non current assets			
Property, plant and equipment	(6)	489,867,951	512,184,734
Employees housing fund loan	(7)	<u>980,000</u>	<u>930,000</u>
		490,847,951	513,114,734
Current Assets			
Inventory	(8)	42,387,013	37,611,473
Receivables and other debit balances	(9)	6,378,101	118,250
National Electric company receivable	(10)	28,408,294	32,004,803
Cash and cash equivalents	(11)	<u>35,002,386</u>	<u>25,893,047</u>
		112,175,794	95,627,573
Total Assets		<u>603,023,745</u>	<u>608,742,307</u>
Equity and Liabilities			
Equity			
	(12)		
Capital		51,000,000	51,000,000
Statutory reserve		12,750,000	12,431,504
Voluntary reserve		28,679,381	24,863,008
Retained earnings		<u>70,415,510</u>	<u>59,667,144</u>
Net Equity		<u>162,844,891</u>	<u>147,961,656</u>

SAMRA Electric Power Company
Private Shareholding Company
Amman - Jordan

Statement of financial position as at 31 December 2016

	Notes	2016	2015
		JD	JD
Liabilities			
Non current liabilities			
Loans	(13)	397,459,404	425,829,182
Provisions	(14)	<u>253,505</u>	<u>292,043</u>
		<u>397,712,909</u>	<u>426,121,225</u>
Current Liabilities			
Loans	(13)	27,836,186	19,547,621
Payables and other credit balances	(15)	7,830,876	6,228,574
Accrued interests		4,031,330	4,263,696
Income tax provision	(16)	2,410,276	2,895,999
Provisions	(14)	<u>357,277</u>	<u>1,723,536</u>
		<u>42,465,945</u>	<u>34,659,426</u>
Total Liabilities		<u>440,178,854</u>	<u>460,780,651</u>
Total Equity and Liabilities		<u>603,023,745</u>	<u>608,742,307</u>
Contra Accounts	(23)	<u>54,584,573</u>	<u>55,118,915</u>

The financial statements on pages [1] to [24] were approved and authorized for issue by the Board of Directors on 23 March 2017 and were signed on its behalf by:

Chairman
Maher Al-Mdadha

SAMRA Electric Power Company
Private Shareholding Company
Amman - Jordan

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2016

	Notes	2016	2015
		JD	JD
Energy revenues	(17)	79,306,731	72,426,885
Station operation and maintenance cost	(18)	(12,556,102)	(6,584,200)
Depreciation	(6)	(25,588,013)	(23,372,086)
Salaries,wages and other benefits	(19)	(6,325,579)	(5,760,552)
Insurance of property,plant and equipment		(1,675,041)	(1,659,181)
Administrative and operating expenses	(20)	(1,835,299)	(1,442,375)
Operating profit		31,326,697	33,608,491
Other revenues	(21)	423,708	73,331
Finance income		800,006	443,423
Finance cost		(14,664,309)	(14,478,313)
Currency differences	(22)	<u>1,195,763</u>	<u>17,062,686</u>
Profit before tax		19,081,865	36,709,618
Income Tax	(16)	(4,198,630)	(4,844,115)
Comprehensive Income		<u>14,883,235</u>	<u>31,865,503</u>

SAMRA Electric Power Company
Private Shareholding Company
Amman - Jordan

Statement of changes in equity
For the year ended 31 December 2016

	Capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
	JD	JD	JD	JD	JD
2016					
1 January 2016	51,000,000	12,431,504	24,863,008	59,667,144	147,961,656
Comprehensive income	-	-	-	14,883,235	14,883,235
Transferred to reserves	-	318,496	3,816,373	(4,134,869)	-
31 December 2016	<u>51,000,000</u>	<u>12,750,000</u>	<u>28,679,381</u>	<u>70,415,510</u>	<u>162,844,891</u>
2015					
1 January 2015	51,000,000	8,760,546	17,521,092	38,814,515	116,096,153
Comprehensive income	-	-	-	31,865,503	31,865,503
Transferred to reserves	-	3,670,958	7,341,916	(11,012,874)	-
31 December 2015	<u>51,000,000</u>	<u>12,431,504</u>	<u>24,863,008</u>	<u>59,667,144</u>	<u>147,961,656</u>

SAMRA Electric Power Company
Private Shareholding Company
Amman - Jordan

Statement of cash flows
for the year ended 31 December 2016

	Notes	2016	2015
		JD	JD
<u>Operating activities</u>			
Income before tax		19,081,865	36,709,618
Adjustments for:			
Depreciation	(6)	25,588,013	23,372,086
Gains from loans revaluation		(1,579,034)	(16,543,650)
Finance cost		<u>14,664,309</u>	<u>14,478,313</u>
		57,755,153	58,016,367
Receivables and other debit balance		(6,259,851)	395,532
Inventory		(4,775,540)	8,040,455
Provisions	(14)	(1,404,797)	(1,781,255)
National electric company		3,596,509	(13,022,711)
Payables and other credit balances		<u>1,602,302</u>	<u>(2,901,365)</u>
Cash flow from operating activities		50,513,776	48,747,023
Paid income tax	(16)	(5,554,353)	(2,082,206)
Refundable tax		<u>870,000</u>	-
Net cash flow from operating activities		45,829,423	46,664,817
<u>Investing activities</u>			
Purchase of property, plant and equipment	(6)	(3,271,230)	(4,555,288)
Employees housing fund loan		(50,000)	(100,000)
Net cash flows used in investing activities		(3,321,230)	(4,655,288)
<u>Financing activities</u>			
Loans		(18,502,178)	(15,905,732)
Interest paid on bank loans		(14,896,676)	(14,844,393)
Net cash flows used in financing activities		(33,398,854)	(30,750,125)
Net Increase in cash and cash equivalent		9,109,339	11,259,404
Cash and cash equivalent - beginning of the year		<u>25,893,047</u>	<u>14,633,643</u>
Cash and cash equivalent - end of the year		35,002,386	25,893,047

Notes forming part of the financial statements
for the year ended 31 December 2016

1) General

Al SAMRA Electric Power Company was established on April 20, 2004 and registered in the register of limited private shareholding stock companies under registration no (40) according to the decision of the Ministers' Council. The company is owned by the Government of the Hashemite Kingdom of Jordan.

The main activity of the company is to generate electricity in different regions of the Kingdom using any source of primary energy and renewable energy. The company's main address is in Amman - Mecca Street.

The following are the members of the Board of Directors:

Name	Position
Dr.Maher Al-Mdadha	Chairman
Dr.Mohammed Al-Hzaima	Vice Chairman
Dr.Wael Ababneh	Member of the Board of Directors
Dr.Tareq Al-Hammouri	Member of the Board of Directors
Eng.Thabet Alwer	Member of the Board of Directors

2) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in JD, which is also the company's functional currency.

Amounts are rounded to the nearest JD.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) as adopted by the Jordanian law.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements are disclosed in note 3.

Basis of measurement

The financial statements have been prepared on a historical cost basis.

Notes forming part of the financial statements
for the year ended 31 December 2016

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2016.

The following new standards, amendments and interpretations are effective for the first time in these financial statements. However, none have a material effect on the company:

(i) Amendments:

- The amendments clarify a number of aspects of IFRS (10) Consolidated Financial Statements, IFRS (12) Disclosure of Interest in Other Entities and IAS (28) Investments in Associates and Joint venture in relation to the investment entities consolidation exception.
- IFRS 11 Joint Arrangements.
- IFRS 14 Regulatory Deferral Accounts.
- IAS 1 Presentation of Financial Statements.
- IAS 16 Property, Plant and Equipment.
- IAS 38 Intangible Assets.
- IAS 41 Agriculture.
- IAS 27 Separate Financial Statements.

(ii) Annual Improvements to IFRSs (2014 – 2012 Cycle)

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.
- IFRS 7 Financial Instruments: Disclosure.
- IAS 19 Employee Benefits.
- IAS 34 Interim Financial Statements.

b) New standards, interpretations and amendments not yet effective

The new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2016 and which have not been adopted early, are not expected to have a material effect on the Company's future financial statements.

3) Critical accounting estimates and judgments

The company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Significant estimates used in preparing financial statements are discussed below.

Notes forming part of the financial statements for the year ended 31 December 2016

Property, plant and equipment

The company reviews the estimated useful life of property and equipment and depreciation method to verify that it reflects the used economic benefits and in case there is a difference it will be treated as changes in estimates (in the year of change and subsequent years).

Inventory

The company assess the need to carry out impairment on inventory periodically depending on its condition and length of storage in the warehouses. In addition to estimating the future realizable value.

Income tax

The company is subject to income tax and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due.

Legal proceedings

The company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors that should be taken into consideration regarding the provisions are the nature of the proceedings and the actions taken, especially in the period between the date of the financial statements and the date of issuance of these statements. In addition the opinion of a legal advisor on the lawsuits and management decisions should be reviewed.

4) Accounting policies

Revenues

Energy revenues

The revenue is recognized when it can be measured reliably, when the Company is likely to collect the pre-agreed on amount and when the energy is sold. I.e. when the Company transfers the significant risks and rewards of ownership to the buyer. Thus revenue is recognized when the unit enters the power generation stage in which the electrical capacity is available at the generation stations and according to the electricity sale rate agreed on between the Company and the National electric company.

Notes forming part of the financial statements for the year ended 31 December 2016

Bank interest

Bank interest is recognized on an accrual basis on the basis of maturities, original amounts and interest rate earned.

Impairment of non-financial assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use or fair value less costs to sell), the asset is written down accordingly. Impairment charges are included in profit or loss and other comprehensive income.

Foreign currency transactions

Transactions by the Company in a currency other than the currency of the primary economic environment in which it operates (functional currency) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity.

Loans and receivables include cash and cash equivalents, National electric company receivable and other receivables displayed in the statement of financial position.

Notes forming part of the financial statements for the year ended 31 December 2016

The Company accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a allowance account with the loss being recognized within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Foreign currency transactions

Transactions by the Company in a currency other than the currency of the primary economic environment in which it operates (functional currency) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

Notes forming part of the financial statements
for the year ended 31 December 2016

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity.

Loans and receivables include cash and cash equivalents, National electric company receivable and other receivables displayed in the statement of financial position.

The Company accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a allowance account with the loss being recognized within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Notes forming part of the financial statements
for the year ended 31 December 2016

Financial liabilities

The Company classifies its financial liabilities depending on the purpose for which the liability was acquired. The Company accounting policy for each category is as follows:

Bank borrowings

Bank borrowings are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense in this context includes initial transaction costs, premium and any interest payable while the liability is outstanding.

Other financial liabilities

payables and other credit balances

Trade payables and other monetary liabilities, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

Financial liabilities within this category are recognized at fair value. Gains and losses arising from changes in fair value are recognized in the income statement.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the profit or loss and other comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Notes forming part of the financial statements
for the year ended 31 December 2016

Property and equipment

Items of property and equipment are initially recognized at cost. As well as the purchase price, cost includes those directly attributable .

Depreciation on projects under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Asset	Depreciation%
Gas and steam units	4
Buildings	2-10
Gas converter station	4
Fuel tanks	15
Others	5-25

When the recoverable amount for assets is less than it's book value, will be written down to their recoverable amount. The impairment loss is recorded in the statement of profit or loss and other comprehensive income.

Any gain or loss arising on recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in profit or loss and other comprehensive income in the period in which the asset is derecognized.

Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost or net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost.

Borrowing costs

Interest on loans to finance the construction and expansion of power generating stations is capitalized as part of the cost. All other borrowing costs are recognized in profit or loss and other comprehensive income for the period in which such costs are incurred.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes forming part of the financial statements for the year ended 31 December 2016

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation.

Provisions are reviewed and adjusted at each financial position statement date. If there is no possibility of an outflow to settle the provisions, the provisions are reversed and recorded as income.

Employees Benefits

The Company's contribution to the employees benefit plan is recognized in profit or loss and other comprehensive income in the year to which it relates.

5) Financial instruments - risk management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Market risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect to these risks is presented throughout these financial statements.

There have been no substantive changes in the Company exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Receivables and other debit balances
- National electric company receivable
- Cash and cash equivalents
- Payables and other credit balances
- Loans
- Accrued interests
- Employees housing fund loan

Notes forming part of the financial statements
for the year ended 31 December 2016

i. Financial instruments by category

	2016	2015
	JD	JD
Financial assets		
Loans and debit balances		
Cash and cash equivalents	35,002,386	25,893,047
Receivables and other debit balances	460,446	31,662
National Electric Power Company	28,408,294	32,004,803
Employees housing fund loan	<u>980,000</u>	<u>930,000</u>
	<u>64,851,126</u>	<u>58,859,512</u>
Financial liabilities		
Liabilities measured at amortized cost		
Loans	425,295,590	445,376,803
Payables and other credit balances	6,828,045	6,220,243
Accrued loan's interest	<u>4,031,330</u>	<u>4,263,696</u>
	<u>436,154,965</u>	<u>455,860,742</u>

ii. Financial instruments not measured at fair value

A financial instrument not measured at fair value includes cash and cash equivalents, trade and other receivables and trade and other payables.

Due to their short-term nature, the carrying value of these financial instruments approximates their fair value.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company competitiveness and flexibility. Further details regarding these policies are set out below:

Notes forming part of the financial statements for the year ended 31 December 2016

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, The company is not exposed to this type of risk because the only client of the company is the National electric power company as it is wholly owned by the Government of the Hashemite Kingdom of Jordan.

Market risk

Market risk arises from the Company use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Fair value and interest rate risk

Financial instruments will expose the company to cash flow interest rate risk from financial instruments at variable rate. The company is not exposed to this type of risk due to not holding any financial instruments at variable rates.

Foreign exchange risk

Foreign exchange risk arises when a company has financial transactions/ deals in a currency other than their functional currency. The company is exposed to this type of risk due to loans in foreign currencies.

As of 31 December, the company's net exposure to foreign exchange risk was as follows:

	KWD		SAR	
	2016 JD	2015 JD	2016 JD	2015 JD
Net foreign currency				
Financial liabilities (loans)	<u>391,850,032</u>	<u>410,968,887</u>	<u>33,445,558</u>	<u>34,407,916</u>
	<u>391,850,032</u>	<u>410,968,887</u>	<u>33,445,558</u>	<u>34,407,916</u>

The Company is exposed to currency risk arising from loans. The Company has no policy to reduce this risk and the impact of these risks is reflected in the statement of profit or loss and other comprehensive income.

The Company is not exposed to the risk of changing the currency rates of its liabilities in Saudi Riyals as the Jordanian Dinar is fixed against the Saudi Riyal.

Notes forming part of the financial statements for the year ended 31 December 2016

The impact of the rise in the Kuwaiti Dinar currency above by 5% against the Jordanian Dinar for financial instruments as at the date of the financial position assuming that all other variables are fixed, will result in a loss and decrease in net assets of 19,592,502 JD as at 31 December 2016 against 20,548,444 JD as at 31 December 2015.

Other market risk

Companies are exposed to other market price risks as a result of its investment in the ownership of other companies. The Company is not exposed to such type of risk due to the lack of investments in equity instruments of other companies.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The company policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	JD	JD	JD	JD	JD
As at 31 December 2016					
Loans	8,143,310	21,820,454	28,706,805	86,120,415	284,535,936
Land acquisition payable	178,638	178,639	-	-	-
Accrued expenses	318,088	-	-	-	-
Unpresented checks	583,299	-	-	-	-
Vendors payable	-	263,989	-	-	-
Employees payable	5,960	-	-	-	-
	<u>9,229,295</u>	<u>22,263,082</u>	<u>28,706,805</u>	<u>86,120,415</u>	<u>284,535,936</u>
As at 31 December 2015					
Loans	6,289,983	17,436,915	27,940,637	83,821,911	314,151,053
Land acquisition payable	430,884	1,292,652	-	-	-
Accrued expenses	292,946	-	-	-	-
Unpresented checks	37,776	-	-	-	-
Vendors payable	97,636	172,909	-	-	-
Employees payable	2,267	-	-	-	-
	<u>7,151,492</u>	<u>18,902,476</u>	<u>27,940,637</u>	<u>83,821,911</u>	<u>314,151,053</u>

Notes forming part of the financial statements
for the year ended 31 December 2016

Capital Disclosures

The Group monitors "adjusted capital" which comprises all components of equity (i.e. share capital, share premium, non-controlling interest, retained earnings, and revaluation reserve) other than amounts in the cash flow hedging reserve.

The Company's objectives when maintaining capital are:

To safeguard the entity's ability to continue as a going concern, and so that it can continue to provide returns for benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The debt-to-adjusted-capital ratios at 31 December were as follows:

	2016 JD	2015 JD
Loans	425,295,590	445,376,803
Less: Cash and cash equivalents	<u>(35,002,386)</u>	<u>(25,893,047)</u>
Net debt	<u>390,293,204</u>	<u>419,483,756</u>
Net equity	<u>162,844,891</u>	<u>147,961,656</u>
(%)Debt to capital ratio	240%	284%

Notes forming part of the financial statements
for the year ended 31 December 2016

6) Property, plant and equipment – 2016

Cost	Cost						Accumulated depreciation				Net book value
	1 January 2016		31 December 2016		1 January 2016		31 December 2016		JD	JD	
	JD	JD	JD	JD	JD	JD	JD	JD			
		Additions	Transfers			Depreciation					
Projects under construction	322,721	2,442,671	-	2,765,392	-	-	-	-	-	2,765,392	
Lands	2,453,866	-	2,753,315	5,207,181	-	-	-	-	-	5,207,181	
Payments on lands acquisition	2,660,847	449,745	(2,753,315)	357,277	-	-	-	-	-	357,277	
Steam unit- First	59,934,779	-	-	59,934,779	24,311,745	2,268,824	26,580,569			33,354,210	
Steam unit- Second	97,456,069	-	-	97,456,069	21,355,843	3,859,646	25,215,489			72,240,580	
Steam unit- Third	120,369,676	-	-	120,369,676	2,638,239	4,814,787	7,453,026			112,916,650	
Gas unit- First	30,250,476	-	-	30,250,476	13,237,737	1,134,393	14,372,130			15,878,346	
Gas unit- Second	30,250,476	-	-	30,250,476	13,234,629	1,134,393	14,369,022			15,881,454	
Gas unit- Third	40,902,403	-	-	40,902,403	13,981,738	1,568,143	15,549,881			25,352,522	
Gas unit- Fourth	37,960,665	-	-	37,960,665	11,980,983	1,478,987	13,459,970			24,500,695	
Gas unit- Fifth	69,677,761	-	-	69,677,761	13,752,288	2,787,110	16,539,398			53,138,363	
Gas unit- Sixth	73,230,046	-	-	73,230,046	13,193,450	2,929,202	16,122,652			57,107,394	
Gas unit- Seventh	75,664,626	-	-	75,664,626	7,620,361	3,026,585	10,646,946			65,017,680	
Buildings	3,847,556	4,199	-	3,851,755	1,067,790	139,818	1,207,608			2,644,147	
Gas converter station	2,804,500	-	-	2,804,500	1,205,396	105,498	1,310,894			1,493,606	
Fuel tanks	1,854,484	-	-	1,854,484	811,537	69,543	881,080			973,404	
Others	3,217,041	374,615	-	3,591,656	2,281,522	271,084	2,552,606			1,039,050	
	652,857,992	3,271,230	-	656,129,222	140,673,258	25,588,013	166,261,271			489,867,951	

Projects under construction will be depreciated when they are ready for use. Presented in a fourth steam unit building project. The estimated cost of completion of the project under construction is JD 50,585,244 as at 31 December 2016. The capitalized finance costs of projects under construction amounted JD 18,649 as at 31 December 2016.

Notes forming part of the financial statements
for the year ended 31 December 2016
Property, plant and equipment – 2015

Cost	Cost						Accumulated depreciation				Net book value	
	1 January 2016		31 December 2016		1 January 2016		31 December 2016		Depreciation	JD		JD
	JD	JD	JD	JD	JD	JD	JD	JD				
	JD	JD	Transfers	JD	JD	JD	JD	JD	JD	JD		JD
Projects under construction	118,146,733	2,545,664	(120,369,676)	322,721	-	-	-	-	-	-	322,721	
Lands	2,453,866	-	-	2,453,866	-	-	-	-	-	-	2,453,866	
Payments on lands acquisition	963,005	1,697,842	-	2,660,847	-	-	-	-	-	-	2,660,847	
Steam unit- First	59,934,779	-	-	59,934,779	22,042,921	2,268,824	24,311,745	2,268,824	24,311,745	35,623,034		
Steam unit- Second	97,456,069	-	-	97,456,069	17,496,197	3,859,646	21,355,843	3,859,646	21,355,843	76,100,226		
Steam unit- Third	-	-	120,369,676	120,369,676	-	2,638,239	117,731,437	2,638,239	2,638,239	117,731,437		
Gas unit- First	30,250,476	-	-	30,250,476	12,103,344	1,134,393	17,012,739	1,134,393	13,237,737	17,012,739		
Gas unit- Second	30,250,476	-	-	30,250,476	12,100,236	1,134,393	17,015,847	1,134,393	13,234,629	17,015,847		
Gas unit- Third	40,902,403	-	-	40,902,403	12,413,595	1,568,143	26,920,665	1,568,143	13,981,738	26,920,665		
Gas unit- Fourth	37,960,665	-	-	37,960,665	10,501,996	1,478,987	25,979,682	1,478,987	11,980,983	25,979,682		
Gas unit- Fifth	69,677,761	-	-	69,677,761	10,965,178	2,787,110	55,925,473	2,787,110	13,752,288	55,925,473		
Gas unit- Sixth	73,230,046	-	-	73,230,046	10,264,246	2,929,204	60,036,596	2,929,204	13,193,450	60,036,596		
Gas unit- Seventh	75,664,626	-	-	75,664,626	4,593,776	3,026,585	68,044,265	3,026,585	7,620,361	68,044,265		
Buildings	3,847,556	-	-	3,847,556	954,600	113,190	2,779,766	113,190	1,067,790	2,779,766		
Gas converter station	2,804,500	-	-	2,804,500	1,099,898	105,498	1,599,104	105,498	1,205,396	1,599,104		
Fuel tanks	1,854,484	-	-	1,854,484	741,994	69,543	1,042,947	69,543	811,537	1,042,947		
Others	2,905,259	311,782	-	3,217,041	2,023,191	258,331	935,519	258,331	2,281,522	935,519		
	648,302,704	4,555,288	-	652,857,992	117,301,172	23,372,086	512,184,734	23,372,086	140,673,258	512,184,734		

Notes forming part of the financial statements
for the year ended 31 December 2016

7) Employees housing fund loan

This item represents the value of the loan granted to the Company's employees housing fund based on the decision of the Board of Directors of the Company for an unlimited period and without interest, the Board of Directors of the Company decided to grant the company's employees housing fund the amount of JD 50,000 for the year 2016.

8) Inventory

	2016 JD	2015 JD
Spare parts and consumables	25,610,707	22,057,627
Fuel	15,436,834	10,908,103
Letters of credit and orders	<u>1,339,472</u>	<u>4,645,743</u>
	<u>42,387,013</u>	<u>37,611,473</u>

9) Receivables and other debit balances

	2016 JD	2015 JD
Trade receivables	421,647	9,901
Employees receivables	38,249	9,168
Refundable deposits	550	550
Accrued interest revenue	-	<u>12,043</u>
Total financial assets other than cash and cash equivalents	460,446	31,662
Advance payment to supplier	5,723,877	-
Prepaid expenses	193,441	83,858
Others	<u>337</u>	<u>2,730</u>
	<u>6,378,101</u>	<u>118,250</u>

The advance payment to supplier is for the project under construction-fourth steam unit.

Notes forming part of the financial statements
for the year ended 31 December 2016

10) National electric company receivable

	2016	2015
	JD	JD
(*) Energy revenues	14,414,454	13,338,632
(**) Fuel receivable	<u>13,993,840</u>	<u>18,666,171</u>
	<u>28,408,294</u>	<u>32,004,803</u>

* The National Electric Power Company represents the sale of energy. The Electricity Sale rate is determined by the decisions of the Electricity Regulatory Commission's Board of Commissioners for the units involved in the production. The National Electricity Company is the only client of Samra Electric Power Company.

** This item represents the fuel consumed by National Electric Power Company which is provided by the Company through the Jordan Petroleum Refinery Company.

11) Cash and cash equivalents

	2016	2015
	JD	JD
Treasury account	34,997,986	-
Bank deposits	-	19,522,505
Current accounts at banks	-	6,366,542
Petty cash	<u>4,400</u>	<u>4,000</u>
	<u>35,002,386</u>	<u>25,893,047</u>

In reference to the decision of the Council of Ministers dated 2 April 2011, which concludes the transfer of all balances of the accounts ministries, governmental departments, independent institutions within the Central Bank and commercial banks in Jordanian dinars and foreign currencies to the unified Treasury account in order to increase the efficiency of the use of available financial resources and enhance cash liquidity of the treasury and reduce the need for borrowing or loans.

Notes forming part of the financial statements
for the year ended 31 December 2016

12) Equity

capital

The total amount of share capital is JD 51,000,000 divided into 51 million shares.

Statutory reserve

In accordance with the requirements of the Jordanian Companies Law, the Company shall deduct 10% of its net annual profits for the statutory reserve account, deduction shall occur yearly as long as the accumulated deducted amount for this reserve does not surpass 25% of the share capital issued.

Voluntary reserve

This item represents the accumulated reserves from prior years at annual rate 20% of year profits as per Companies Law.

Retained earnings

This item includes all profits and losses and dividends.

The Board of Directors proposed distributions of JD 15 million from the retained earnings of the Country Treasury - Ministry of Finance in its meeting held on 23 March 2017 and it is based on the approval of the general assembly.

13) Loans

Lender	2016				2015				
	Grant of loan date	Currency	Loan's original amount	Loan's due date	Interest rate	Current	Non current	Balance	Balance
			JD		%	JD	JD	JD	JD
Arab Fund for Economic and Social Development 587	1 February 2013	KWD	30 Million	1 March 2034	3	3,761,073	60,391,324	64,152,397	64,710,292
Arab Fund for Economic and Social Development 542	16 December 2009	KWD	30 Million	1 September 2032	3	3,761,073	56,485,745	60,246,818	64,564,529
Arab Fund for Economic and Social Development 567	12 June 2012	KWD	30 Million	1 July 2033	3	3,807,506	58,177,180	61,984,686	64,444,038
Arab Fund for Economic and Social Development 524	10 March 2008	KWD	30 Million	1 February 2031	4.5	3,993,238	53,676,548	57,669,786	62,199,271
Kuwait Fund for Arab Economic Development 802	18 March 2010	KWD	18.5 Million	15 April 2034	3	2,147,526	33,104,055	35,251,581	37,724,344
Arab Fund for Economic and Social Development 515	6 May 2007	KWD	20 Million	1 August 2029	4.5	2,646,681	31,876,255	34,522,936	37,492,858
Saudi Fund for Development 518-20	14 April 2010	SAR	193 Million	1 April 2030	2	2,437,335	29,538,541	31,975,876	34,407,917
Arab Fund for Economic and Social Development 462	8 May 2005	KWD	21 Million	1 May 2027	4.5	2,785,980	26,466,810	29,252,790	32,317,392
Kuwait Fund for Arab Economic Development 848	1 July 2012	KWD	15 Million	15 July 2035	2.5	870,619	31,051,792	31,922,411	30,350,475
Kuwait Fund for Arab Economic Development 696	9 March 2005	KWD	12.250 Million	15 November 2025	4	1,625,155	13,767,384	15,392,539	17,165,687
Arab Fund for Economic and Social Development 620	17 May 2015	KWD	16 Million	1 June 2038	3	-	1,454,088	1,454,088	-
Saudi Fund for Development 643 -21	30 November 2015	SAR	200 Million	15 June 2040	2	-	1,469,682	1,469,682	-
						27,836,186	397,459,404	425,295,590	445,376,803

All loans are guaranteed by the government of the Hashemite Kingdom of Jordan.

Notes forming part of the financial statements
for the year ended 31 December 2016

14) Provisions

	End of service indemnity provision	Lawsuits provision	Total
	JD	JD	JD
2016			
As at 1 January 2016	292,043	1,723,536	2,015,579
Provided during the year	33,885	357,277	391,162
Paid during the year	(72,423)	(1,723,536)	(1,795,959)
As at 31 December 2016	<u>253,505</u>	<u>357,277</u>	<u>610,782</u>
2015			
As at 1 January 2015	274,050	75,180	349,230
Provided during the year	17,993	1,681,255	1,699,248
Paid during the year	-	(5,342)	(5,342)
Recovery of allowance	-	(27,557)	(27,557)
As at 31 December 2015	<u>292,043</u>	<u>1,723,536</u>	<u>2,015,579</u>

15) Payables and other credit balances

	2016	2015
	JD	JD
Accrued expenses	318,088	292,946
Unpresented checks	583,299	37,776
Vendors payable	263,989	230,545
Employees payables	5,960	2,267
Contractors retentions	<u>5,656,709</u>	<u>5,656,709</u>
Total financial liabilities excluding bank facilities	6,828,045	6,220,243
Ministry of Energy deposit	372,188	-
Ministry of Water deposit	620,669	-
Other payables	<u>9,974</u>	<u>8,331</u>
	<u>7,830,876</u>	<u>6,228,574</u>

Notes forming part of the financial statements
for the year ended 31 December 2016

16) Income tax provision

	2016	2015
	JD	JD
Beginning of year balance	2,895,999	134,090
Provided during the year	4,198,630	4,844,115
Refundable tax	870,000	-
Paid during the year	(5,554,353)	(2,082,206)
Ending of year balance	<u>2,410,276</u>	<u>2,895,999</u>

The following is an income tax settlement with accounting income:

	2016	2015
	JD	JD
Accounting Income	19,081,865	36,709,618
Deduct: Non taxable revenues	(1,651,457)	(16,593,762)
Add: Non taxable expenses	63,884	67,957
	17,494,292	20,183,813
Tax rate according to Jordanian law	24%	24%
Income tax for the year	<u>4,198,630</u>	<u>4,844,115</u>

The company is committed to provide self-tax assessment annually according to the Income Tax Law. The Company reached final a settlement with income and sales tax department until the end of 2014.

17) Energy revenues

	2016	2015
	JD	JD
Capacity's revenue	77,752,524	70,504,088
Production's revenue	1,293,443	1,922,797
Revenue from renewable energy sales *	260,764	-
	<u>79,306,731</u>	<u>72,426,885</u>

*This account represents the revenues generated by Ma'an wind project and the solar cell projects. The Council of Ministers has decided to assign Al Samra Electric Power Company to manage, operate and maintain renewable energy projects financed by the Gulf grant.

Notes forming part of the financial statements
for the year ended 31 December 2016

18) Station operating and maintenance cost

	2016	2015
	JD	JD
Maintenance*	11,942,073	6,104,769
Water and electricity	292,507	241,315
Consumed fuel	142,622	-
Chemical materials	62,237	87,940
Laboratories	35,833	56,406
Safety	33,845	41,726
Others	<u>46,985</u>	<u>52,044</u>
	<u>12,556,102</u>	<u>6,584,200</u>

* The Company has conducted overall and partial maintenance of the units, six maintenance procedures were conducted during 2016 and four in 2015.

19) Salaries, wages and other benefits

	2016	2015
	JD	JD
Salaries	5,058,531	4,649,521
Social security contribution	570,809	484,665
Saving fund contribution	382,345	352,184
Health insurance contribution	249,521	231,233
End of service indemnity	33,884	23,012
Life insurance	<u>30,489</u>	<u>19,937</u>
	<u>6,325,579</u>	<u>5,760,552</u>

Notes forming part of the financial statements
for the year ended 31 December 2016

20) Administrative and operating expenses

	2016	2015
	JD	JD
Governmental fees and subscriptions	728,359	556,987
Security	246,885	194,891
Cleaning	116,600	102,284
Water and electricity	101,929	92,856
Computer and internet	107,882	84,655
General maintenance and supplies	163,443	78,694
Training	55,107	52,073
Fuel and heating	30,325	32,461
Hospitality	23,761	32,185
Salaries and transportation of board of directors members	24,500	29,505
Advertising and promotion	18,219	23,868
Stationery, printing and subscriptions	51,543	22,713
Travel accomodation and per-diems	40,648	22,332
Communication	18,765	20,216
Social and sport activities	18,744	18,880
Car insurance	14,795	16,327
Medical tests	18,944	14,254
Miscellaneous	10,749	12,857
Professional fees	30,782	12,337
Board of directors	12,000	12,000
Donations	<u>1,319</u>	<u>10,000</u>
	<u>1,835,299</u>	<u>1,442,375</u>

21) Other revenues

	2016	2015
	JD	JD
Experimental operating	368,758	-
Scraps	27,202	<u>7,371</u>
Sale of tenders copies	15,570	36,948
Recovery of allowance	-	27,557
Others	<u>12,178</u>	<u>1,455</u>
	<u>423,708</u>	<u>73,331</u>

Notes forming part of the financial statements
for the year ended 31 December 2016

22) Currency differences

	2016	2015
	JD	JD
Currency differences - Realized	(383,271)	519,036
Gain from loans revaluation	<u>1,579,034</u>	<u>16,543,650</u>
	<u>1,195,763</u>	<u>17,062,686</u>

23) Contra accounts

This item represents contra accounts in the company records. These receivables have arisen as a result of the purchase of fuel between the National Electricity Company and Jordan Petroleum Refinery Company. The National Electric Power Company is responsible to order fuel and pay the refinery directly, it also bears the arising fines for late payment and this is based on the (Pass Thru) principle, the balance of Jordan Petroleum refinery company reached as a result of fuel purchases during the year and fines for late payment as the value of delay penalties JD 51,249,074 and the value of non-consumed fuel JD 3,335,499 for the year ended 31 December 2016. Based on this the balance of Jordan Petroleum Refinery Company was deducted from the National Electricity Company's records as of the date of the financial statements due to the existence of control and control by the National Electricity Company in the purchase of fuel and the payment of the price directly to the Refinery Company.

24) Contingent liabilities

Lawsuits

As stated in the letter of the legal advisor of the company, cases filed by the national electric power company against Al-Samra Company for Generating Electricity and related to the unavailability of generating units. According to the legal advisor, it is difficult to predict the amounts of these lawsuits.

Letters of credit

The Company has contingent liabilities through letters of credit amounting JD 1,607,654 as at 31 December 2016.