

SOCIAL SECURITY CORPORATION –
SOCIAL SECURITY INVESTMENT FUND
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021



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**INDEPENDENT AUDITOR'S REPORT
TO THE CHAIRMAN AND THE MEMBERS OF INVESTMENT BOARD
SOCIAL SECURITY CORPORATION - SOCIAL SECURITY INVESTMENT FUND
Amman - Jordan**

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Social Security Investment Fund (the "Fund") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of revenues and expenses, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Amman – Jordan
8 August 2022

ERNST & YOUNG
Amman - Jordan

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2021	2020
<u>Assets</u>			
Cash and bank balances	3	12,076	11,766
Deposits at banks and financial institutions	4	1,623,089	1,495,637
Financial assets at fair value through profit or loss	5	135,724	95,161
Loans and granted debts	6	347,241	327,023
Financial asset at fair value through other comprehensive income	7	1,441,677	1,073,665
Investments in associates	8	482,480	464,289
Financial assets at amortized cost	9	7,074,961	6,572,191
Subscribers' contributions and rural files assets	10	201,928	201,154
Projects in progress	11	109,982	119,501
Inventories	12	25,723	36,485
Property and equipment	13	376,592	358,334
Investment properties	14	797,814	770,269
Investments in joint operations	15	15	1,046
Due from related parties	37	-	38
Intangible assets	16	55,630	58,017
Other assets	17	582,475	454,260
Total assets		13,267,407	12,038,836
<u>Liabilities and Equity</u>			
Liabilities-			
Subscribers' contributions and rural files liabilities	10	201,928	201,154
Electricity service subscribers' deposits	18	79,159	74,034
Advance payments form electricity subscribers	19	18,940	17,238
Due to National Electric Power Company	20	331,237	248,233
Bank loans	21	49,411	54,265
End of service indemnity provision	22	18,720	16,538
Due to banks	23	83,436	70,229
Income tax provision	44	6,038	5,466
Other liabilities	24	158,779	144,263
Total liabilities		947,648	831,420
Equity-			
Social Security Corporation Equity-			
Social security corporation current account		6,542,251	6,407,251
Social security corporation current account – unemployment fund	27	183,464	174,725
Property and equipment revaluation reserve	25	31,812	31,812
Fair value reserve	26	280,782	(105,193)
Cash flow hedges reserve		(3,764)	(7,078)
Surplus of revenues over accumulated expenses		5,241,263	4,663,360
Net Social Security Corporation Equity		12,275,808	11,164,877
Non-controlling interests		43,951	42,539
Net Equity		12,319,759	11,207,416
Total liabilities and equity		13,267,407	12,038,836

The attached notes from 1 to 46 represent part of these consolidated financial statements

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2021	2020
Operating revenues -			
Hotels		19,839	13,995
Press and publication		5,270	4,928
Energy		563,277	566,575
Commercial		27,442	26,264
Others		2,969	2,796
Gross revenues		<u>618,797</u>	<u>614,558</u>
Cost of revenues		(495,060)	(500,665)
Net operating revenues	29	123,737	113,893
Interest income	30	486,047	462,529
Gains (losses) on financial assets at fair value through profit or loss, net	31	40,983	(567)
Group's share of associates' net operating results	8	25,043	5,936
Gains (losses) on investment properties, net	32	14,601	(1,759)
Dividends distribution	33	43,646	14,399
Other revenues		36,047	27,454
Net revenues		<u><u>770,104</u></u>	<u><u>621,885</u></u>
Expenses-			
General and administrative expenses	34	(76,174)	(73,515)
Energy and maintenance expenses		(5,634)	(6,020)
Selling and distribution expenses		(4,878)	(5,976)
Depreciation of property and equipment	13	(30,215)	(28,358)
Amortization of intangible assets	16	(2,806)	(2,904)
Provision for expected credit losses		(2,149)	(3,560)
Provision for slow moving inventory	12	(1,043)	(494)
Finance cost	35	(30,122)	(25,144)
Provision from contingent liabilities provision	24	(1,132)	(2,939)
Other (expenses) revenues		(2,073)	645
Total expenses		<u>(156,226)</u>	<u>(148,265)</u>
Surplus of revenues over expenses for the year before income tax		613,878	473,620
Income tax expense	44	(6,553)	(4,981)
Surplus of revenues over expenses for the year		<u>607,325</u>	<u>468,639</u>
Attributable to:			
Social Security Investment Fund		604,655	467,387
Non-controlling interests		2,670	1,252
		<u><u>607,325</u></u>	<u><u>468,639</u></u>

The attached notes from 1 to 46 represent part of these consolidated financial statements

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Surplus of revenues over expenses for the year		607,325	468,639
Add: other comprehensive income not to be reclassified to revenues and expenses in subsequent periods			
Change in fair value of financial assets through other comprehensive income		368,029	(275,327)
Group's share of net profit (loss) of hedging cash flow		<u>4,734</u>	<u>(5,830)</u>
Total comprehensive income for the year		<u>980,088</u>	<u>187,482</u>
Attributable to:			
Social Security Investment Fund		975,931	187,999
Non-controlling interests		<u>4,157</u>	<u>(517)</u>
		<u>980,088</u>	<u>187,482</u>

The attached notes from 1 to 46 represent part of these consolidated financial statements

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	Social Security Corporation current account	Social Security Corporation current account –Unemployment Fund	Property and equipment revaluation reserve	Fair value reserve	Cash flow hedges reserve	Surplus of revenues over accumulated expenses	Net Social Security Corporation equity	Non-controlling interests	Net Equity
2021-									
Balance as at 1 January 2021	6,407,251	174,725	31,812	(105,193)	(7,078)	4,663,360	11,164,877	42,539	11,207,416
Surplus of revenues over expenses for the year	-	-	-	-	-	604,655	604,655	2,670	607,325
Change in fair value of financial assets through other comprehensive income	-	-	-	367,962	-	-	367,962	67	368,029
Realized losses on sale of financial assets through other comprehensive income	-	-	-	18,013	-	(18,013)	-	-	-
Group's share of cash flow hedges reserve (note 8)	-	-	-	-	3,314	-	3,314	1,420	4,734
Cash transferred during the year, net	135,000	-	-	-	-	-	135,000	-	135,000
Unemployment Funds' share of the investment Funds' returns	-	8,739	-	-	-	(8,739)	-	-	-
Dividends from non-controlling interests	-	-	-	-	-	-	-	(2,745)	(2,745)
Balance as at 31 December 2021	6,542,251	183,464	31,812	280,782	(3,764)	5,241,263	12,275,808	43,951	12,319,759
2020-									
Balance as at 1 January 2020	6,286,910	256,611	31,812	176,833	(2,997)	4,198,551	10,947,720	55,274	11,002,994
Surplus of revenues over expenses for the year	-	-	-	-	-	467,387	467,387	1,252	468,639
Change in fair value of financial assets through other comprehensive income	-	-	-	(275,307)	-	-	(275,307)	(20)	(275,327)
Realized gains on sale of financial assets through other comprehensive income	-	-	-	(6,719)	-	6,719	-	-	-
Group's share of cash flow hedges reserve	-	-	-	-	(4,081)	-	(4,081)	(1,749)	(5,830)
Cash transferred during the year, net	120,341	(91,183)	-	-	-	-	29,158	-	29,158
Unemployment Funds' share of the investment Funds' returns	-	9,297	-	-	-	(9,297)	-	-	-
Dividends from non-controlling interests	-	-	-	-	-	-	-	(12,218)	(12,218)
Balance as at 31 December 2020	6,407,251	174,725	31,812	(105,193)	(7,078)	4,663,360	11,164,877	42,539	11,207,416

The attached notes from 1 to 46 represent part of these consolidated financial statements

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2021	2020
<u>Operating activities</u>			
Surplus of revenues over expenses for the year before income tax		613,878	473,620
Adjustments-			
Depreciation of property and equipment	13	30,215	28,358
Amortization of intangible assets	16	2,806	2,904
End of service indemnity provision	34	3,715	2,124
Group's share of associates' net operating results	8	(25,043)	(5,936)
(Gains) losses of revaluation of financial assets at fair value through profit or loss	31	(40,897)	4,122
Realized gains on sale of financial assets at fair value through profit or loss	31	(88)	(3,556)
Provision for slow moving inventory	12	1,043	494
Provision for expected credit losses		3,546	6,633
Recovered from provision for expected credit losses		(1,397)	(3,073)
Provision for contingent liabilities	24	1,132	2,939
(Gains) losses on investment property valuation at fair value	32	(11,857)	5,362
Finance costs		30,122	25,144
Working capital changes-			
Deposits at banks and financial institutions with maturity of more than 3 months		(132,866)	154,656
Financial assets at fair value through profit or loss		422	28,984
Inventories		9,719	(4,096)
Other assets		(131,266)	84,363
Related parties		38	86
Electricity service subscribers' deposits		5,125	3,710
Advance payments from electricity subscribers		1,702	(9,087)
Due to National Electric Power Company		83,004	(103,192)
Other liabilities		13,384	11,185
Payments of end of service indemnity	22	(2,452)	(934)
Income tax paid	44	(6,427)	(3,072)
Net cash flows from operating activities		447,558	701,738
<u>Investing activities</u>			
Financial assets at fair value through other comprehensive income		(643)	1,327
Financial assets at amortized cost		(502,819)	(379,990)
Investments in associates	8	4,467	(39)
Dividends received from associates	8	7,779	10,354
Investment properties	14	(18,270)	(58,108)
Property and equipment and projects in progress, net		(34,420)	(29,673)
Loans and granted debts		(19,095)	(67,121)
Intangible assets	16	(419)	(35)
Investments in joint operations		(2)	4
Net cash flows used in investing activities		(563,422)	(523,281)
<u>Financing activities</u>			
Net amounts transferred from Social Security Corporation		135,000	29,028
Bank loans		(4,854)	2,321
Change in non-controlling interests		(2,745)	(12,218)
Finance costs paid		(30,122)	(25,144)
Net cash flows from (used in) financing activities		97,279	(6,013)
Net (decrease) increase in cash and cash equivalents		(18,585)	172,444
Cash and cash equivalents at 1 January		295,851	123,407
Cash and cash equivalents at 31 December	36	277,266	295,851

The attached notes from 1 to 46 represent part of these consolidated financial statements

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

(IN THOUSANDS OF JORDANIAN DINARS)

(1) GENERAL

Social Security Investment Fund was established in accordance with the Social Security Fund's Investment Law No. (111) for the year 2001 and in conjunction with article (76) of the Social Security Law No. (19) for the year 2001. The date 1 January 2003 was considered the date for commencing the Fund's activities, and in accordance with the Social Security Corporation's Board of Directors Decision No. 1/2003 dated 2 January 2003, the balances of investment accounts and their other related accounts were transferred from the Social Security Corporation records to the records of the Social Security Investment Fund.

In accordance with Social Security temporary law No. (7) of 2010 the name of the Investment Fund was modified to become "Social Security Investment Fund" (The Fund). The Fund's registered address Abdul Rahman Arshidat St. Shmeisani, P.O.Box 850633, Amman 11185, The Hashemite Kingdom of Jordan.

The Fund's main activity is to manage the investments of the Social Security Corporation in a manner that ensures the development of its financial resources, and in order to achieve the Social Security Corporation's objectives, the Fund undertakes the following tasks:

- Establishing projects in cooperation with the public and private sectors on corporation investments.
- Underwriting purchasing and selling of bonds, bills and other securities.
- Purchasing and selling quoted or unquoted shares in Amman Stock Exchange.
- Investing in cash deposits with the banking system with appropriate returns.
- Contributing in mutual funds.
- Contributing in the financing of national projects of economic feasibility by providing long-term loans and against appropriate guarantees.
- Purchase, sale and development of properties for the purpose of acquisition, participation, investment or trading.
- Carry out any investment activities approved by the Investment Board and approved by the Board of Directors of the Social Security Corporation.
- Conducting economic feasibility studies for the projects it intends to invest in, and in this field, to use the role of experts and specialists.
- Follow-up on the performance of the institutions in which the corporation contributes, and report on the performance of these companies, along with recommendations to the Board of Investment.

The consolidated financial statements of the Social Security Investment Fund for the year 2021 have been approved by the Board of Investment on its meeting held on 28 June 2022.

(2) ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared in accordance with historical cost convention, except for the financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties which have been presented at fair value at the date of these consolidated financial statements.

The consolidated financial statements have been presented in Jordanian Dinars (JD) which is the functional currency of the Group.

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(IN THOUSANDS OF JORDANIAN DINARS)

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Social Security Investment Fund and the financial statements of its subsidiaries (“the Group”) as at 31 December 2021. The subsidiaries that have been included in the consolidated financial statements are as follows:

	Sector	Paid in capital		Percentage of Ownership	
		2021	2020	2021	2020
				%	%
Jordan Press Foundation Public Shareholding Company / Al-Rai	Press and publication	10,000,000	10,000,000	54.93	54.93
Jordanian Duty Free Shops Public Shareholding Company	Trading	22,500,000	22,500,000	57.1	57.1
Al-Daman for Investment Public Shareholding Company	Investment and leasing	10,000,000	10,000,000	61.4	61.4
Rama for Investments and saving LLC	Investment	560,000	560,000	100	100
National Company for Touristic Development LLC	Tourism	2,050,000	2,050,000	100	100
United Travelling Center LLC*	Leasing	1,986,499	4,654,339	100	100
Al Daman for Lease Financing	Finance leasing	500,000	500,000	100	100
Al Daman for Hotel Transport Services	Services	100,000	100,000	100	100
Kingdom Electricity Company for Energy Investments**	Energy investments	50,000	50,000	70	70
Daman for Development Zones Private Shareholding Company***	Land leasing and development	40,000,000	40,000,000	100	100
Jordan Daman Company for International Business****	Investment	100,000	100,000	100	100
Al Daman for Agriculture and Investment *****	Investment	5,219,310	500,000	100	100

* The General Assembly of the United Travelling Center LLC decided in its extraordinary meeting held on 17 February 2021 to reduce its capital by JD 2,667,840, so that the quoted and paid in capital becomes JD 1,986,499, in order to extinguish the accumulated losses with the amount of JD 1,292,914, and an amount of D 1,374,962 was returned to the Investment Fund.

** The financial statements of Kingdom Electricity Company for Energy Investment Private Shareholding Company include the following subsidiaries:

	Percentage of Ownership	Country of Incorporation
Electricity Distribution Company and its subsidiary - Public Shareholding Company	100%	Jordan
Irbid District Electricity Company - Public Shareholding Company*	55.52%	Jordan

* Electricity Distribution Company owns 55.46% of Irbid District Electricity Company, which represents the actual ownership percentage of the Group, in addition to 0.06% of direct ownership of Kingdom Electricity Company for Energy Investment in Irbid District Electricity Company.

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*** The financial statements of Daman for Development Zone Private Shareholding Company include the following subsidiaries:

	<u>Percentage of Ownership</u>	<u>Country of Incorporation</u>
Al-Mafraq Development Company	80%	Jordan
North Development Company	100%	Jordan

**** The financial statements of Jordan Daman Company for International Business include the following subsidiary:

	<u>Percentage of Ownership</u>	<u>Country of Incorporation</u>
Jordan Daman Company for International Investments	100%	Jordan

***** The General Assembly of Al Daman for Agriculture and Investment approved in its extraordinary meeting held on 16 June 2021 to increase the Company's paid-in capital by an amount of JD 4,719,310 to become JD 5,219,310.

Hotels and resorts that have been included in the consolidated financial statements and are fully owned by the Fund are as follows:

- Amra Crowne Plaza Hotel - Amman
- Crowne Plaza Hotel Petra and its Rest House
- Intercontinental Hotel - Aqaba
- Amman Cham Palace Hotel – Amman*
- Holiday Inn Hotel – Dead Sea
- Crowne Plaza Resort – Dead Sea

* The consolidated financial statements of the Fund include the financial statements of Amman Cham Palace Hotel for the year 2017. The Hotel's financial statements for the years 2021, 2020, 2019 and 2018 have not been consolidated as they were not available.

The financial statements of the Fund and its subsidiaries are prepared using the same accounting period as the Funds and using the same accounting policies, except for Investment properties for Al Daman for Investments Public Share Holding Company and National Company for Touristic Development which are presented at cost in the companies' financial statements. However, they are presented at fair value in the consolidated financial statements and proper reconciliations are prepared in the Fund's consolidated statements.

Control is achieved when the Group has the rights to variable returns from its involvement with the company it has invested in and has the ability to affect those returns through its power over the investee. Control over the investee is exercised when the following factors exist:

- Power over the investee (i.e., existing rights that give the Group the ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

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When the Group owns less than a majority of the voting rights in an investee, in this case, the Group considers all factors and circumstances to determine whether it has control over the investee, which include the following:

- Contractual agreements with shareholders that have voting rights in the investee
- Rights resulting from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, revenues and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of subsidiary.
- Derecognizes the carrying amount of any non-controlling interest.
- Derecognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained by subsidiary.
- Recognizes any gains or losses as a result of losing control.
- Reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss.

(2-3) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those adopted for the year ended 31 December 2020, except for the adoption of new standards and amendments effective as of 1 January 2021:

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

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

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

These amendments had no impact on the consolidated financial statements of the Group.

COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Establishment has not received COVID-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

(2-4) SIGNIFICANT ACCOUNTING POLICIES

Financial assets at amortized cost

Financial assets that the Group's management aims, according to its business model to hold to collect their contractual cash which represents the principal amount and the interest on the outstanding principal amount.

These financial assets are initially measured at cost plus transaction costs. Subsequently premium/discount is amortized using the effective interest rate method, increasing or decreasing the interest. The losses arising from impairment are recognized in the consolidated statement of revenues and expenses.

The amount of the impairment consists of the difference between the book value and present value of the expected future cash flows discounted at the original effective interest rate.

No assets may be reclassified from/to this item except in the cases specified in IFRS and, (if any such asset is sold before its maturity date, the result of the sale is recognized in the consolidated statement of revenues and expenses in a separate line and disclosed in accordance with the requirements of International Financial Reporting Standards In particular).

Financial assets at fair value through profit or loss

These assets represent investments in companies' shares for trading purposes and are intended to generate profits from fluctuations in short-term market prices or trading profit margins.

Financial assets at fair value through profit or loss are initially measured at fair value (transaction costs are recorded in the consolidated statement of revenues and expenses at the purchase date), subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the consolidated statement of revenues and expenses. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the consolidated statement of revenues and expenses.

Dividend and interest income are recorded in the consolidated statement of revenues and expenses.

Financial assets at fair value through other comprehensive income

These assets represent investments in equity instruments for the purpose of retention over the long-term.

These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are revalued at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the consolidated statement of comprehensive income. In case of sale of such asset or part of it, the gain or loss is recorded in the consolidated statement of comprehensive income and in the consolidated statement of changes in equity and the fair value reserve balance for sold assets is directly transferred to the accumulated surplus of revenues over expenses and not through the consolidated statement of profit or loss.

It is not permitted to reclassify assets to/from this item except in certain circumstances determined in IFRS.

These financial assets are not subject to impairment testing.

Dividend income is recognized in the consolidated statement of revenues and expenses.

Loans and granted debts

Loans are recognized at fair value, subsequently they are amortized using the effective interest rate method.

A provision for expected credit losses for loans and granted debts is recognized through reaching an estimation for the probability of default and the percentage of loss assuming default. The Group relies on several main economic indicators in building a number of assumptions, mainly GDP growth indicators, the financial market index and debt indicators in addition to the classification issued by the credit rating institution and according to the statistical data of the global default rate of this classification.

Fair value

The Group measures its financial instruments such as financial assets at fair value through other comprehensive income at the date of the consolidated financial statements as disclosed in (note 38).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Group uses the following valuation methods and alternatives in measuring and recording the fair value of financial instruments:

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Impairment of financial assets

The Group recognizes a provision for expected credit losses for all debt instruments not held at fair value, in the statement of profit or loss. Expected credit losses rely on the difference between accrued contracted cash flows in accordance to the contract and all cash flows the Group expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of held collaterals or other credit enhancement that are an integral part of the contractual terms (if any).

The Group's management calculates the provision based on its historical credit loss experience adjusted for the future factors of debtors and the economic environment.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment in value. Depreciation is calculated using the straight-line method, (except for lands), over the estimated useful lives of property and equipment when they are ready for use, Depreciation rates used are as follows

	<u>%</u>
Buildings	2-10
Furniture and fixtures	9-25
Meters, cables, and pumps	10
Machinery and equipment	3-20
Vehicles	15-20
Additions and improvements	15
Computers	20-25
Electromechanical equipment	15
Sanitary extensions	15
Others	10-20

When the recoverable value of property and equipment is less than their carrying amount, assets are written down to its recoverable amount and impairment losses are recognized in the consolidated statement of revenues and expenses.

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Useful lives of property and equipment are reviewed at the end of each year. If the expectations of useful lives are different from the previous estimates, the change is accounted for as changes in estimate in future periods.

Goodwill

Goodwill is initially measured at cost which represents the excess of the cost of acquisition or purchase of investment in an associate or subsidiary company over the Group's share in the net fair value of the identifiable assets at the date of acquisition. Goodwill arising from the investment in subsidiaries is separately presented within intangible assets, while goodwill arising from the investment in associates is recognized within investment in associates and subsequently adjusted for any impairment losses.

Goodwill is allocated to each of the Group's cash-generating units, or groups of cash generating units for the purpose of impairment testing.

Goodwill is reviewed for impairment at the date of the consolidated of the financial statements, if events or conditions indicate that the estimated recoverable amount of a cash-generating unit or group of cash-generating units is less than their carrying amount, impairment losses are recognized in the consolidated statement of revenues and expenses.

Intangible assets

Intangible assets are classified based on the assessment of their useful life to definite and indefinite. Intangible assets with definite lives are amortized over the useful economic life and amortization expenses are recognized in the consolidated statement of profit or loss, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date and impairment loss is recognized in the consolidated statement of revenues and expenses.

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of revenues and expenses.

Indications of impairment of intangible assets are reviewed and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the subsequent periods.

Investment properties

Investment properties are stated at cost including the acquisition costs and is measured subsequently at fair value which primarily reflects the conditions and market prices as of the date of the consolidated financial statements.

Gains and losses resulting from changes in the fair value of investment properties are recognized in the consolidated statement of revenues and expenses.

Investment properties are valued using assumptions that reflect market prices using the average valuation for five independent real estate experts after excluding the highest and lowest valuations. Investment properties purchased during the year are valued using the purchase price.

End of service indemnity provision

Provision for end of service indemnity is recognized when the Group is committed to providing its employees with end of service indemnities. The Group is obligated when it has a detailed formal compensation plan and there is no real prospect of withdrawing the plan.

Provision for end of service indemnity is measured based on the Group's number of employees at the date of the consolidated financial position in accordance with the Group's internal policies and IAS (19). Social Security Investment Fund's employees are subject to civil services rules.

Trade payable and accruals

Liabilities are recognized for amounts to be paid in the future for services received, whether billed by the supplier or not.

Loans

After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest method. Profits and losses are recognized in the consolidated statement of revenues and expenses when the obligation is paid. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The finance costs are included as finance costs in the consolidated statement of profit or loss.

Accounts receivable

Accounts receivable are stated at original invoice amount less any provision of expected credit losses. The Group applies a simplified approach in calculating estimated credit losses. The Group has historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A balance is written off when there is no reasonable expectation of recovering the contractual cash flows.

Leases

The Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

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

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

Lease contract liabilities

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

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

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

Short-term leases and leases of low-value assets

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

The Group as a lessor

Operating lease income is recognized as rental income in the consolidated statement of revenues and expenses on a straight-line basis over the lease term.

Revenue and expense recognition

Revenues are recognized in accordance with IFRS (15) – Five step model, which specifies the contract, price, performance obligations and recognizing revenues based on the fulfillment of performance obligations.

The Group recognizes revenue from the sale of newspapers, distribution of advertisements and commercial press revenues at a certain point in time at which the control of the asset is transferred to the customer upon the delivery of goods.

Interest income is recognized on a timely basis to reflect the return on assets.

Dividends on investment securities are recognized when approved by the General Assemblies of the investees.

Revenue from the sale of energy is recognized when used by consumer and an invoice has been issued.

Hotel revenues represent revenues recognized from providing hotel rooms to customers. Hotel revenues (stay in) are recognized once the service is provided.

Food and beverage revenues represent revenues recognized from providing food and beverage to consumers through the room service department in addition to restaurants inside the hotel. Food and beverage revenues are recognized once the service is provided and an invoice is issued to the customer which usually occurs at a certain period of time.

Rent revenues represent revenues recognized through providing rental services to customers where payments from tenants are recorded as unrealized and are recognized at the start of the contract period over the life of the contract.

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Revenue from the Sale of goods

The Group recognizes revenues from the sale of goods at the fair value of considerations received or to be received and when there is a reasonable possibility for collection in accordance with IFRS (15).

The Group recognizes revenues from the sale of goods at a certain point in time at the date in which control is transferred to the customer. Generally, when goods are delivered, and an invoice is issued to the customer.

Recognition of financial assets

Purchases and sales of financial assets are recognized at the date of trade (that is the date the Group commits to purchase or sell the asset).

Derivative financial instruments

Trading financial derivatives are stated at fair value (such as future interest rates, swap agreements and foreign currency option contracts) in the consolidated statement of financial position within other assets or other liabilities. Fair value is measured according to the prevailing market prices, the change in their fair value is recognized in the consolidated statement of revenues and expenses.

Repurchase and resale agreements

Assets sold with a corresponding commitment to repurchase them at a future date continue to be recognized in the consolidated financial statements as a result of the Group's continuous control over these assets and as the related risks and rewards are transferred to the Group upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate.

Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the consolidated financial statements because the Group has no control over such assets and the related risks and rewards are not transferred to the Group upon occurrence. Payments related to these contracts are recorded under deposits at banks and other financial institutions or loans and granted debts in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest rate method.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee. The Group's investments in associates are accounted for using the equity method.

Under the equity method, investments in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually. The consolidated statement of revenues and expenses reflects the Group's share of the results of operations of the associate. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Inventory

Inventory is valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Income tax

- Income tax expense represents accrued tax and deferred tax.
- Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the consolidated financial statements as the declared income includes non-taxable revenue or not deductible expenses in the current year, but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of tax rates prescribed according to the prevailing laws, regulations and instructions of the Hashemite kingdom of Jordan. Social Security Corporation revenues are exempted from income tax by law except for rental revenues, revenue of some hotels and foreign investments.
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences in the value of assets or liabilities in the consolidated financial statements and the value upon which taxable income is calculated. Deferred taxes are provided using the liability method on the consolidated financial statements and are calculated based on the tax rates expected to be implemented upon the settlement of a tax commitment or upon the realization of tax asset.
- Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with the Central Bank of Jordan and balances with banks and financial institutions maturing within three months net of bank overdrafts.

Subscribers' contributions assets and liabilities

These assets are stated separately based on the Energy and Mineral Regulatory Commission regulations within non-current assets under subscribers' contributions assets, with a similar contra liability account under subscribers' contributions liabilities with the same amount.

Amortization of these assets is calculated on a straight-line basis at an annual rate of 4% along with the amortization of subscriber's contributions liabilities. The amortization of assets and liabilities of subscribers' contributions is offset, and accordingly has no impact on the consolidated statement of revenues and expenses.

Rural files assets

This term represents the infrastructure assets used to connect the electricity network to rural areas. It is recorded under non-current asset as "Rural files assets" and is offset with a liability under the term "Rural files liabilities" carrying the same amount, and that is to conform with the legislations. Depreciation and amortization of those assets and liabilities is calculated on a straight-line basis at annual rate of 4%. The depreciation and amortization of assets and liabilities of rural files are offset, and accordingly has no impact on the consolidated statement of revenues and expenses.

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Investments in joint operations

Joint operations are a contractual agreement between the Fund and other parties in jointly controlled economic activities where financial, operational and strategic policy decisions on project activities require the unanimous approval of the parties involved in the control.

Assets, liabilities, revenues and expenses related to joint operations are recognized by the Group to its percentage of ownership in these operations.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a current enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Foreign currency

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.

Financial assets and financial liabilities denominated in foreign currencies are translated at the average rates prevailing on the date of the consolidated statement of financial position as declared by the Central Bank of Jordan.

Gains or losses resulting from foreign currency translation are recognized in the consolidated statement of revenues and expenses.

Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as financial assets at fair value through the statement of profit or loss) are recorded as part of the change in fair value.

(2-5) SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management has made some judgements in applying the Group's accounting policies. Judgments made by management that have the greatest impact on amounts recognized in the consolidated financial statements are disclosed in the relevant notes to the consolidated financial statements.

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Key assumptions relating to future key and other sources of estimation at the date of the consolidated financial statements that may pose significant risk of material changes in the carrying amount of assets and liabilities during the next financial year are also disclosed in the relevant notes to the consolidated financial statements.

The Group included its assumptions and estimates in preparing the consolidated financial statements. However, current conditions and estimates related to further developments may change as a result of market changes or circumstances that may arise outside the Group's control. The Group reflects these changes to assumptions once they occur.

Reasonable judgments used in the preparation of the consolidated financial statements are detailed as follows:

- Impairment of investment properties is recorded based on recent valuations approved by the accredited real estate experts for impairment testing purposes and are reviewed periodically.
- Fiscal year is charged with its related income tax expense in accordance with laws, regulations and accounting standards.
- Management periodically reviews the useful lives of property and equipment for the purpose of annual depreciation calculation based on the general state of those assets and expected future useful lives, impairment losses are recorded in the consolidated statement of revenues and expenses.
- A provision recognized for lawsuits raised against the Group based on a legal study prepared by Group's legal counsel and legal advisors upon which future probable risks are determined, those studies are reviewed periodically.
- Management periodically reviews financial assets stated at cost to evaluate any impairment in value, this impairment is recorded in the consolidated statement of profit or loss.

- Fair value levels:

The level of the fair value hierarchy in which fair value measurements are categorized is determined and disclosed, and fair value measurements are separated to the stages specified in IFRS. The difference between stage (2) and stage (3) for fair value measurements is an assessment of whether information or inputs are observed and the extent of information that is not observable, which requires careful judgment and analysis of inputs used to measure fair value including consideration of all factors that concern the asset or obligation.

- Provision for expected credit losses:

The determination of a provision for impairment of financial assets requires the Group's management to make significant judgment to estimate the amounts and timing of future cash flows, as well as to estimate any significant increase in the credit risk of financial assets after initial recognition, and to take into account further measurement information for expected credit losses.

The Group determined the value of the provision for impairment of financial assets in accordance with international financial reporting standards. The Group's policy is to determine common elements on which credit risk and expected credit losses are measured on a collective basis or an individual basis.

Methodology of application of IFRS (9) (Financial instruments):

Key concepts that have a material impact and require a high degree of management judgment and which have been considered by the Group when applying the standard include the following:

- **Assessment of significant increase in credit risk:**

An assessment is made as to whether there has been a significant increase in credit risk since inception, The Group compares the risk of default to the financial instrument at the end of each financial period with the risk of default when the financial instrument arises using key concepts of the Group's risk management processes.

The significant increase in credit risk is assessed annually and separately for each exposure to credit risk based on three factors. If one of these factors indicates a significant increase in credit risk, the financial instrument is reclassified from stage 1 to stage 2:

- 1- The Group has set limits to measure the significant increase in credit risk based on the change in the risk of default of the financial instrument as compared its date of inception.
- 2- Any reschedules or adjustments made to customer accounts during the evaluation period shall be recognized as an indication of significant increase in credit risk.
- 3- IFRS (9) (financial instruments) includes an assumption that there is a significant increase in the credit risk of financial instruments that have been impaired and have been recognized for more than 30 days. A substantial increase in the credit risk of financial instruments that have defaulted and matured for over 60 days which will be reduced to 30 days within 3 years. In this respect the Group adopted a 45 days period.

The change between stage 2 and stage 3 depends on whether the financial instruments are impaired at the end of the financial period.

- **Macrocconomic factors, expected future events and the use of more than one scenario:**

Historical information, current conditions and expected future events should be considered based on reliable information when measuring expected credit losses for each stage. The measurement and application of expected future information requires the Group's management to make substantial efforts based on cooperation with international entities with expertise in this area.

Probability of default, loss ratio assuming default, impact upon default and inputs used in stage 1 and stage 2 of the credit facility impairment are designed based on variable economic factors (or factors related to changes in macroeconomic) that are directly related to the credit risk associated with the portfolio.

Each macroeconomic scenario used to calculate the expected credit loss is linked to changing macroeconomic factors. In our estimates used to calculate expected credit losses for stages 1 and 2 discounted weighted scenarios that include future macroeconomic information for the subsequent three years.

The base line scenario is based on macroeconomic forecasts (i.e. GDP, inflation, and interest rates). The ups and downs of economic factors will be developed on the basis of possible alternative economic conditions.

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- **Definition of default**

The definition of default used to measure expected credit losses and in the assessment of change between stages is consistent with the concept of default used by the Group's internal credit risk management. The default is not defined in the standard, and there is a presumption that default occurs when the payment is ceased for 90 days or more.

- **Expected life**

When measuring expected credit losses, the Group considers the maximum extent of expected cash flows that the Group considers to be at risk of impairment. All contractual obligations for life expectancy including prepayment options and extension options of some revolving credit facilities with no fixed repayment date is measured based on the Group's exposure to credit risk that management cannot avoid.

- **Scope of application**

Provision for expected credit losses for all financial assets of the Group is measured as follows:

- Monetary market instruments include current accounts, deposits at banks, deposits against pledged bonds and swap contracts.
- Bonds which include Jordanian treasury bonds, government bonds denominated in US dollars, public companies' bonds and private companies' bonds and debts.
- Loans including direct loans, syndicated loans and other loans.
- Account receivables.

- **Hypotheses and methodology of work**

Each of the above investment instruments, has been examined to determine the probability of default and the loss ratios assuming default. A number of key economic indicators have been based on the construction of a number of assumptions, most importantly GDP growth indicators, the index of the financial market, indicators of public debt of the country, in addition to the sovereign classification of Jordan issued by credit rating institutions and according to the statistical data of the cumulative global default rates of the classification.

A number of scenarios have been assumed for the purpose of calculating the probability default, using available data on companies either from the outside or within the investment fund, in addition to using the self assessment system for the classification of companies and banks approved within the Investment Fund.

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(3) CASH AND BANK BALANCES

This item consists of the following:

	<u>2021</u>	<u>2020</u>
Cash on hand	570	1,731
Current accounts and deposits on demand*	<u>11,506</u>	<u>10,035</u>
	<u><u>12,076</u></u>	<u><u>11,766</u></u>

* This item includes the amount of JD 113 thousand of current accounts related to the Unemployment Fund as at 31 December 2021 (31 December 2020: JD 22 thousand).

- Current accounts do not include balances with foreign banks and financial institution as at 31 December 2021 and 2020.

- There were no restricted balances as at 31 December 2021 and 2020.

(4) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	<u>2021</u>	<u>2020</u>
Deposits maturing within 3 months or less	348,626	354,314
Deposits maturing within 3 to 6 months	648,856	576,089
Deposits maturing within 6 to 12 months	<u>635,541</u>	<u>575,442</u>
	1,633,023	1,505,845
Less: provision for expected credit losses*	<u>(9,934)</u>	<u>(10,208)</u>
	<u><u>1,623,089</u></u>	<u><u>1,495,637</u></u>

- Interest rates on Jordanian Dinar deposits range between 2.95% to 4.5% for the year ended at 31 December 2021 and from 2.75% to 6.4% for the year ended at 31 December 2020.

- There are no balances with foreign banks and financial institutions and there are no restricted balances as at 31 December 2021 and 2020.

- Deposits include an amount of JD 174 million which represents deposits against the mortgage of government bonds for the benefit of the Fund held at Societe Generale Bank Jordan.

* Movements on provision for expected credit losses for deposits at banks and financial institutions during the year were as follows:

	<u>2021</u>				<u>2020</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>	<u>Total</u>
Balance as at 1 January	10,208	-	-	10,208	9,348
(Recovered from) provision during the year	<u>(274)</u>	<u>-</u>	<u>-</u>	<u>(274)</u>	<u>860</u>
Balance as at 31 December	<u><u>9,934</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>9,934</u></u>	<u><u>10,208</u></u>

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(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item consists of the following:

Quoted shares:	<u>2021</u>	<u>2020</u>
Local	125,152	88,134
Foreign	<u>10,572</u>	<u>7,027</u>
	<u>135,724</u>	<u>95,161</u>

(6) LOANS AND GRANTED DEBTS

This item consists of the following:

	<u>2021</u>	<u>2020</u>
Direct loans	303,724	287,783
Syndicated loans	37,679	42,797
Housing loans	<u>11,341</u>	<u>3,069</u>
	<u>352,744</u>	<u>333,649</u>
Less: provision for expected credit losses*	<u>(5,503)</u>	<u>(6,626)</u>
	<u>347,241</u>	<u>327,023</u>

* Movements on provision for expected credit losses for loans and granted debts during the year were as follows:

	<u>2021</u>				<u>2020</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>	<u>Total</u>
Balance as at 1 January	4,702	-	1,924	6,626	7,076
Recovered from provision during the year	<u>(1,123)</u>	<u>-</u>	<u>-</u>	<u>(1,123)</u>	<u>(450)</u>
Balance as at 31 December	<u>3,579</u>	<u>-</u>	<u>1,924</u>	<u>5,503</u>	<u>6,626</u>

The table below illustrates interest rates, maturity dates, and collaterals for the aforementioned loans:

	<u>Balance</u>	<u>Interest rate</u>	<u>The last installment maturity date</u>	<u>Guarantees</u>
		%		
Direct loans	303,724	3.5 – 8.37	1 January 2040	Governmental, real estate, legal
Syndicated loans	37,679	3.16 – 7.72	14 June 2028	Governmental, real estate, legal
Housing loans	<u>11,341</u>	4.75	31 December 2056	Real estate
	<u>352,744</u>			

Non-performing loans and debts amounted to JD 1,924 thousand representing 0.55% of loans and granted debts as at 31 December 2021 compared to JD 1,924 thousand representing 0.58% of loans and granted debts at 31 December 2020. A provision was provided in full against those loans.

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(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item consists of the following:

	<u>2021</u>	<u>2020</u>
Financial Assets- Quoted Shares*:		
Quoted shares – local	1,308,118	935,307
Quoted shares – foreign	<u>86,484</u>	<u>91,373</u>
	1,394,602	1,026,680
Financial Assets- Unquoted Shares:	<u>43,308</u>	<u>42,239</u>
Other financial assets:		
Investments in mutual funds – USD	<u>3,767</u>	<u>4,746</u>
	<u><u>1,441,677</u></u>	<u><u>1,073,665</u></u>

* Quoted Financial Assets are distributed according to the following sectors:

	<u>Ratio</u>	<u>2021</u>	<u>Ratio</u>	<u>2020</u>
	%		%	
Banking sector	58	802,704	65	666,018
Manufacturing sector	41	566,288	32	327,274
Services sector	2	23,514	3	30,902
Insurance sector	0.2	<u>2,096</u>	0.2	<u>2,486</u>
		<u><u>1,394,602</u></u>		<u><u>1,026,680</u></u>

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(8) INVESTMENTS IN ASSOCIATES

This item consists of the following:

	Number of capital shares	Number of shares/ ownership	Ownership percentage	Nature of business	Last issued audited financial statements	2021							2020			
						Balance using equity method at the beginning of the year	Purchase/ Capital increase	Loans repayments	Dividends received	Share of companies' results	Share of cash flow hedges reserve	Share of fair value reserve	Balance using equity method at year end	Fair market value at year end	Balance using equity method at year end	Fair market value at year end
Listed in Amman Stock Exchange																
Jordan Kuwait Bank	150,000,000	31,562,466	21.04	Banking	31 December 2021	93,903	-	-	-	1,628	-	521	96,052	42,925	93,903	45,450
Jordan Petroleum Refinery Co.	100,000,000	20,407,497	20.41	Petrochemical	31 December 2021	50,183	-	-	(1,019)	10,619	-	1	59,784	69,082	50,183	50,352
Jordan Cement Factories	60,444,460	13,207,226	21.85	Construction	31 December 2021	-	-	-	-	-	-	-	-	7,126	-	3,827
Jordan Telecommunication Co.	187,500,000	54,150,000	28.88	Telecommunication	31 December 2021	221,466	-	-	(5,415)	7,545	-	-	223,596	115,881	221,466	79,600
Jordan Worsted Mill Factories	15,000,000	3,004,000	20.04	Textiles	31 December 2021	9,644	-	-	(421)	300	-	-	9,523	6,570	9,644	6,150
Al-Sharq Investment Projects	16,000,000	4,164,153	26.03	Hotel services	31 December 2021	5,039	5	-	-	(60)	-	138	5,122	8,037	5,039	10,410
Jordan Electricity Company	86,080,154	18,489,044	21.48	Energy	31 December 2021	42,323	-	-	(924)	2,402	-	-	43,801	21,969	42,323	22,357
						422,558	5	-	(7,779)	22,434	-	660	437,878	271,590	422,558	218,146
Non-listed in Amman Stock Exchange																
South Dead Sea Development	17,000,000	5,100,000	30	Investment	31 December 2021	5,571	-	-	-	1	-	-	5,572	5,439	5,571	5,439
Electrical Equipment Industries	3,750,000	881,250	23.5	Manufacturing	31 December 2021	991	-	-	-	(88)	-	-	903	-	991	-
Al Zanpaq Company	167,000	50,100	30	Electricity generation	31 December 2021	920	-	-	-	114	91	-	1,125	-	920	-
Zahrat Al Salam Company	167,000	50,100	30	Electricity generation	31 December 2021	933	-	-	-	112	90	-	1,135	-	933	-
Alward Aljoury Company	167,000	50,100	30	Electricity generation	31 December 2021	1,031	-	-	-	111	90	-	1,232	-	1,031	-
Jordan Solar One Company	100,000	30,000	30	Electricity generation	31 December 2021	627	-	-	-	58	194	-	879	-	627	-
Al-Zarqa Station for Electrical Power Generation	50,000	20,000	40	Electricity generation	31 December 2021	31,623	-	(4,472)	-	2,301	4,269	-	33,721	-	31,623	-
National Company for Infrastructure Investment	80,000	39,000	48.75	Investment	-	35	-	-	-	-	-	-	35	34	35	36
						41,731	-	(4,472)	-	2,609	4,734	-	44,602	5,473	41,731	5,475
						464,289	5	(4,472)	(7,779)	25,043	4,734	660	482,480	277,063	464,289	223,621

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The following schedules illustrate summarized financial information for the Group's major investments in associates:

	Jordan Kuwait Bank	
	2021	2020
Statement of Financial Position		
Assets	3,005,137	2,809,895
Liabilities	(2,537,463)	(2,353,463)
Non-controlling interest	(278)	-
Net equity	467,396	456,432
Percentage of ownership	21.04%	21.04%
Net investment as of 31 December	96,052	93,903
Statement of Comprehensive Income		
Net Interest revenues, commissions and foreign currency	96,726	96,183
Losses on financial assets at fair value through other comprehensive income	(90)	(407)
Losses on financial assets at fair value through profit or loss	(304)	-
Cash dividends at fair value through other comprehensive income	1,069	2,768
Provision for impairment of direct credit facilities	(28,707)	(44,953)
Provision for credit losses	(1,894)	(7,269)
Employees' expenditures	(29,892)	(28,868)
Other revenues and expenses, Net	(29,203)	(21,965)
Profit (loss) for the year	7,705	(4,511)
Attributable to Bank's shareholders	7,738	(4,511)
Attributable to non-controlling interests	(33)	-
Group's share of profit (loss)	1,628	(949)

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	Jordan Petroleum Refinery	
	2021	2020
Statement of Financial Position		
Current assets	977,062	817,841
Non-current assets	266,403	276,129
Current liabilities	(897,730)	(790,893)
Non-current liabilities	(83,107)	(87,095)
Non-controlling interest	(8,604)	(9,138)
Net equity	254,024	206,844
Percentage of ownership	20.41%	20.41%
Net investment as of 31 December	59,784	50,183
Statement of Comprehensive Income		
Sales	1,239,674	957,288
Cost of sales	(1,108,571)	(921,060)
Bank interests and commissions	(20,939)	(22,458)
Selling and distribution expenses	(51,026)	(50,830)
Other (expenses) revenues, net	(6,895)	22,782
Profit (loss) for the year	52,243	(14,278)
Attributable to the Company's share holders	52,028	(14,326)
Attributable to non-controlling interests	215	48
Group's share of profit (loss)	10,619	(2,924)

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	Jordan Telecommunication Company	
	2021	2020
Statement of Financial Position		
Current assets	181,812	151,440
Non-current assets	518,646	541,487
Current liabilities	(276,017)	(258,918)
Non-current liabilities	(143,082)	(160,026)
Net equity	<u>281,359</u>	<u>273,983</u>
Percentage of ownership	<u>28.88%</u>	<u>28.88%</u>
Net investment as of 31 December	<u><u>223,596</u></u>	<u><u>221,466</u></u>
Statement of Comprehensive Income		
Revenues	333,465	317,066
Cost of services	(119,005)	(123,806)
Administrative expenses	(26,726)	(27,746)
Selling and marketing expenses	(41,696)	(37,225)
Finance income	1,432	956
Other expenses, net	(121,346)	(111,743)
Profit for the year	<u>26,124</u>	<u>17,502</u>
Group's share of profit	<u><u>7,545</u></u>	<u><u>5,055</u></u>

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	Jordan Worsted Mill Factory	
	2021	2020
Statement of Financial Position		
Current assets	5,958	11,357
Non-current assets	50,897	44,361
Current liabilities	(979)	(903)
Non-current liabilities	(112)	(147)
Non-controlling interest	-	(3,957)
Net equity	<u>55,764</u>	<u>50,711</u>
Percentage of ownership	<u>20%</u>	<u>20.04%</u>
Net investment as of 31 December	<u>9,523</u>	<u>9,644</u>
Statement of Comprehensive Income		
Sales	1,584	4,855
Cost of sales	(1,040)	(3,056)
Administrative expenses	(815)	(1,250)
Selling and marketing expenses	-	(50)
Other revenue and expense, net	1,769	1,125
Profit for the year	<u>1,498</u>	<u>1,624</u>
Attributable to Company's shareholders	1,498	1,304
Attributable to non-controlling interests	-	320
Group's share of profit	<u>300</u>	<u>261</u>

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	Al-Sharq Investments Projects	
	2021	2020
Statement of Financial Position		
Current assets	1,542	993
Non-current assets	18,992	18,860
Current liabilities	(828)	(493)
Net equity	<u>19,706</u>	<u>19,360</u>
Percentage of ownership	<u>26.03%</u>	<u>26.03%</u>
Net investment as of 31 December	<u>5,122</u>	<u>5,039</u>
Statement of Comprehensive Income		
Operating revenues	3,679	2,027
Operating costs	(1,224)	(862)
Administrative expenses, maintenance, marketing and depreciation	(2,685)	(2,436)
Other revenues	2	13
Loss for the year	<u>(228)</u>	<u>(1,258)</u>
Group's share of loss	<u>(60)</u>	<u>(327)</u>

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	Jordan Electricity Company	
	2021	2020
Statement of Financial Position		
Current assets	606,007	580,177
Non-current assets	449,195	424,559
Current liabilities	(582,778)	(531,511)
Non-current liabilities	(339,877)	(348,962)
Net equity	132,547	124,263
Percentage of ownership	21.48%	21.48%
Net investment as of 31 December	43,801	42,323
Statement of Comprehensive Income		
Operating revenues	899,772	901,162
Operating costs	(751,273)	(762,530)
Administrative expenses, maintenance, marketing and depreciation	(122,617)	(112,508)
Other expenses, net	(10,413)	(14,795)
Profit for the year before tax	15,469	11,329
Income tax expense	(4,288)	(2,977)
Profit for the year	11,181	8,352
Group's share of profit	2,402	1,794

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(9) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	Average interest rates	2021	2020
	%		
A- Government and public institution bonds			
Treasury bonds*	3.71 – 7.99	6,891,010	6,411,196
Public institutions bonds	3.97 – 6.48	36,634	40,626
		<u>6,927,644</u>	<u>6,451,822</u>
B- Bonds, debts and other securities			
Private companies bonds and debts	3.23 – 7.00	160,569	133,572
Less: provision for expected credit losses**		(13,252)	(13,203)
		<u>147,317</u>	<u>120,369</u>
		<u>7,074,961</u>	<u>6,572,191</u>

Financial assets at amortized cost have maturity dates ranging between 1 month and 25 years.

* Treasury bonds include an amount of JD 181,336 thousand as of 31 December 2021, representing treasury bonds related to the unemployment fund (31 December 2020: JD 161,855 thousand).

** Movements on provision for expected credit losses for financial assets at amortized cost during the year were as follows:

	2021			2020	
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	12,636	-	567	13,203	15,826
Provision (recovered from) during the year	30	-	19	49	(2,623)
Balance as at 31 December	<u>12,666</u>	<u>-</u>	<u>586</u>	<u>13,252</u>	<u>13,203</u>

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(10) SUBSCRIBERS' CONTRIBUTIONS AND RURAL FILS ASSETS AND LIABILITIES

This item represents the infrastructure constructed by the subsidiaries of Kingdom Electricity Company for Energy Investment to connect customers and rural areas to electricity. The cost of infrastructures is paid by Subscribers and Jordanian Rural Fills Fund Project and recognized as assets and liabilities in the consolidated statement of financial position. Movements on this account during the year were as follows:

	<u>2021</u>	<u>2020</u>
Cost-		
Balance as at 1 January	381,923	357,287
Transfer from projects in progress	<u>15,727</u>	<u>24,636</u>
Balance as at 31 December	<u><u>397,650</u></u>	<u><u>381,923</u></u>
Accumulated amortization		
Balance as at 1 January	180,769	166,200
Depreciation for the year*	<u>14,953</u>	<u>14,569</u>
Balance as at 31 December	<u>195,722</u>	<u>180,769</u>
Net book value as at 31 December	<u><u>201,928</u></u>	<u><u>201,154</u></u>

* Subscribers contribution and rural fils assets are depreciated at a rate of 4% annually and subscribers' contribution and rural fils liabilities are depreciated at the same rate, and thus there is no effect on the financial performance of the Group. Details of subscribers' contribution and rural fils liabilities as at 31 December are as follows:

	<u>2021</u>	<u>2020</u>
Subscribers' contribution liability	148,084	147,460
Rural fils liabilities	<u>53,844</u>	<u>53,694</u>
	<u><u>201,928</u></u>	<u><u>201,154</u></u>

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(11) PROJECTS IN PROGRESS

This item consists of the following:

	<u>2021</u>	<u>2020</u>
Aqaba Touristic Beach project*	32,142	32,142
Al-Mafraq project's land infrastructure cost**	28,555	28,392
Electricity connection projects ***	18,910	20,335
Development of Duty-Free Shops on border crossings****	13,433	11,044
Crowne Plaza Resort renovation – Petra*****	9,713	5,206
Building and development of Irbid projects' Infrastructure *****	5,706	4,145
Intercontinental Hotel renovation – Aqaba	716	563
Amra Crowne Plaza renovation – Amman	232	412
Crowne Plaza Hotel – Dead Sea	22	182
Investment Fund's Solar Energy Project*****	-	16,433
Other projects in progress	<u>553</u>	<u>647</u>
	<u>109,982</u>	<u>119,501</u>

* This item represents an amount of JD 32,142 thousand which represents the touristic beach project. The Fund is currently conducting an economic feasibility study to determine the mechanism of benefiting from this land or completing the project that was to be built on it. The Fund is expected to make a decision on the mechanism of benefiting from this land during 2022 after evaluating the results of the study.

** The Company has updated the estimated cost estimate for completion of the the Mafraq project by an engineering company on 5 February 2019. The total cost expected to complete this project is approximately JD 143 million. The estimated cost per square meter developer is 78/12 dinar after the distribution of the estimated cost on the net land area (11.3 square kilometers). Construction is expected to be completed in 2030. The management believes that this estimate is reasonable and reflects the prices and the development cost of infrastructure for the year 2021.

*** This item represents the infrastructure projects for the delivery of electricity for companies affiliated with the Kingdom Electricity Company for Energy Investments, which are in progress as at 31 December 2021. The cost of completion of the unfinished part of the projects under progress is estimated at JD 15,545 thousand as at 31 December 2021 (31 December 2020: 21,193).

**** This item represents the cost of completing Jordanian Duty Free Shop's border stores and fountain project in Aqaba. The expected cost is estimated at approximately JD 17,376 thousand as at 31 December 2021 (31 December 2020: JD 16,897 thousand). These projects are expected to be completed during the year 2022.

***** This item represents Crowne Plaza Resort renovation – Petra development project. The expected cost of the project is JD 19,500 thousand and is expected to be completed during the year 2022.

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*****This item represents the infrastructure development projects of the Daman for Development Zones. The Company contracted with a consultation company to study the volume of demand and study the market after the Government returned those lands to the Company and the tender for the preparation of the new master plan for the North Development Company project has been submitted to specialized engineering office and was completed during the year 2019 and was approved by the Board. The estimated cost of infrastructure is approximately JD 68 million as of 31 December 2021 and is expected to be completed in 2046, based on the study provided by the consulting company.

***** During the year 2021, an amount of 17,362 thousand was capitalized on property and equipment, which represents the power plant project using solar energy, and an amount of 49 thousand was transferred to expenses.

(12) INVENTORIES

This item consists of the following:

	<u>2021</u>	<u>2020</u>
Electricity tools, material and spare parts	18,500	18,177
Finished goods	3,963	13,923
Raw materials	917	1,238
Food and beverage	239	235
Goods in transit	224	90
Supplies and operational tools	5	5
Others	6,825	6,811
	<u>30,673</u>	<u>40,479</u>
Less: provision for slow moving inventory*	<u>(4,950)</u>	<u>(3,994)</u>
	<u>25,723</u>	<u>36,485</u>

* Movements on provision for slow moving inventory during the year were as follows:

	<u>2021</u>	<u>2020</u>
Balance as at 1 January	3,994	3,538
Provision for the year	1,043	494
Provision for compensation of goods from suppliers	578	-
Inventory written off during the year	<u>(665)</u>	<u>(38)</u>
Balance as at 31 December	<u>4,950</u>	<u>3,994</u>

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(13) PROPERTY AND EQUIPMENT

This item consists of the following:

	Land	Buildings	Meters, cables, and pumps	Furniture and fixtures	Machinery and equipment	Vehicles	Additions and improvements	Computers	Electro- mechanical equipment	Sanitary extensions	Others	Total
2021- Cost:												
Balance as at 1 January	18,915	175,221	-	47,665	400,870	17,963	4,051	42,683	46,069	11,541	7,767	772,745
Additions	393	3,483	505	298	14,196	468	41	827	814	18	624	21,667
Disposal	-	(299)	-	(160)	(3,681)	(237)	-	(69)	(201)	-	(47)	(4,694)
Transfers from projects in progress*	5,213	3,066	-	32	7,205	-	-	353	8,961	-	-	24,830
Transfers from (to) properties investments	3,622	(7)	-	-	-	-	-	-	-	-	-	3,615
Balance as at 31 December	<u>28,143</u>	<u>181,464</u>	<u>505</u>	<u>47,835</u>	<u>418,590</u>	<u>18,194</u>	<u>4,092</u>	<u>43,794</u>	<u>55,643</u>	<u>11,559</u>	<u>8,344</u>	<u>818,163</u>
Accumulated depreciation:												
Balance as at 1 January	-	60,243	-	39,530	210,480	14,197	4,025	24,322	43,039	11,541	7,034	414,411
Depreciation for the year	-	4,464	2	757	17,746	1,400	2	4,049	1,683	3	109	30,215
Disposal	-	(222)	-	(100)	(2,153)	(219)	-	(157)	(199)	-	(5)	(3,055)
Balance as at 31 December	<u>-</u>	<u>64,485</u>	<u>2</u>	<u>40,187</u>	<u>226,073</u>	<u>15,378</u>	<u>4,027</u>	<u>28,214</u>	<u>44,523</u>	<u>11,544</u>	<u>7,138</u>	<u>441,571</u>
Net book value as of 31 December 2021	<u>28,143</u>	<u>116,979</u>	<u>503</u>	<u>7,648</u>	<u>192,517</u>	<u>2,816</u>	<u>65</u>	<u>15,580</u>	<u>11,120</u>	<u>15</u>	<u>1,206</u>	<u>376,592</u>
2020- Cost:												
Balance as at 1 January	18,915	172,930	-	47,707	384,445	18,012	6,580	34,343	47,262	11,605	8,054	749,853
Additions	-	139	-	133	11,965	115	1	1,797	73	39	49	14,311
Disposal	-	(64)	-	(258)	(2,870)	(164)	(2,530)	(235)	(1,266)	(103)	(376)	(7,866)
Transfers from projects in progress	-	2,216	-	83	7,330	-	-	6,778	-	-	40	16,447
Balance as at 31 December	<u>18,915</u>	<u>175,221</u>	<u>-</u>	<u>47,665</u>	<u>400,870</u>	<u>17,963</u>	<u>4,051</u>	<u>42,683</u>	<u>46,069</u>	<u>11,541</u>	<u>7,767</u>	<u>772,745</u>
Accumulated depreciation:												
Balance as at 1 January	-	55,960	-	38,850	195,038	12,757	6,553	20,966	43,555	11,605	7,318	392,602
Depreciation for the year	-	4,310	-	933	17,067	1,589	2	3,584	745	38	90	28,358
Disposal	-	(27)	-	(253)	(1,625)	(149)	(2,530)	(228)	(1,261)	(102)	(374)	(6,549)
Balance as at 31 December	<u>-</u>	<u>60,243</u>	<u>-</u>	<u>39,530</u>	<u>210,480</u>	<u>14,197</u>	<u>4,025</u>	<u>24,322</u>	<u>43,039</u>	<u>11,541</u>	<u>7,034</u>	<u>414,411</u>
Net book value as at 31 December 2020	<u>18,915</u>	<u>114,978</u>	<u>-</u>	<u>8,135</u>	<u>190,390</u>	<u>3,766</u>	<u>26</u>	<u>18,361</u>	<u>3,030</u>	<u>-</u>	<u>733</u>	<u>358,334</u>

*During the year 2021, an amount of 17,362 thousand was capitalized on property and equipment, which represents the power plant project using solar energy.

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(14) INVESTMENT PROPERTIES

This item consists of the following:

	<u>2021</u>	<u>2020</u>
Land held for investment	766,555	736,278
Buildings held for investment	31,032	30,126
Advance payments to purchase investment properties	-	3,629
Others	<u>227</u>	<u>236</u>
	<u>797,814</u>	<u>770,269</u>

Movements on investment properties during the year were as follows:

	<u>2021</u>	<u>2020</u>
Balance as at 1 January	770,269	717,392
Purchase of investment properties	18,270	58,108
Transfers from investments in joint operations*	1,033	-
Profits (losses) on valuation of investment properties at fair value (note 32)	11,857	(5,362)
Transfers to properties and equipment, net**	(3,615)	-
Transfers from Social Security Corporation***	-	130
Transfers from projects in progress	-	<u>1</u>
Balance as at 31 December	<u>797,814</u>	<u>770,269</u>

* During 2021, lands from investments in joint operations were transferred to investment property after they were sorted, and their ownership was transferred to the Fund. The lands were re-evaluated by real estate experts and were recorded at fair value.

** During the year 2021, the ownership of the land of the Aqaba project was transferred in the name of the subsidiary company (First Markets Company), which cost 3,629 thousand. Thus, the cost of the land was transferred from payments on the purchase of land to property and equipment. In addition, part of the building and land of the Administrative Fund was converted at an amount of 14 thousand from property and equipment to real estate investments as a result of changing the purposes of its use.

*** During 2020, the Social Security Corporation's administrative building in Aqaba was transferred to the Investment Fund due to a change in its intended use.

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(15) INVESTMENTS IN JOINT OPERATIONS

This item consists of Al-Zaytuna project (1) and Al-Zaytuna project (2) which represent lands that the Fund invested in, jointly with Urban Development Corporation as well as other partners. These lands have been sorted and are to be distributed to the investors based on their percentage of ownership. Investments in joint operations are stated at cost as at 31 December 2021 and 2020, the details of these projects were as follows:

	<u>2021</u>	<u>2020</u>
Al-Zaytuna project (1)*	15	13
Al-Zaytuna project (2)**	-	1,033
	<u>15</u>	<u>1,046</u>

* It is expected that during 2022, the projects' lands will be transferred to investment properties.

** During the year 2021, the project lands were transferred into real estate investments after they were sorted, and their ownership transferred to the Fund.

(16) INTANGIBLE ASSETS

2021-	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Computer software	Total
Cost:							
Balance as at 1 January	8,000	39,411	8,298	4,173	28,014	-	87,896
Additions	-	-	25	-	-	394	419
Balance as at 31 December	<u>8,000</u>	<u>39,411</u>	<u>8,323</u>	<u>4,173</u>	<u>28,014</u>	<u>394</u>	<u>88,315</u>
Accumulated amortization:							
Balance as at 1 January	7,733	15,771	3,928	2,447	-	-	29,879
Amortization for the year	267	1,970	380	137	-	52	2,806
Balance as at 31 December	<u>8,000</u>	<u>17,741</u>	<u>4,308</u>	<u>2,584</u>	<u>-</u>	<u>52</u>	<u>32,685</u>
Net book value as of 31 December	<u>-</u>	<u>21,670</u>	<u>4,015</u>	<u>1,589</u>	<u>28,014</u>	<u>342</u>	<u>55,630</u>
2020-	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Computer software	Total
Cost:							
Balance as at 1 January	8,000	39,411	8,285	4,151	28,014	-	87,861
Additions	-	-	13	22	-	-	35
Balance as at 31 December	<u>8,000</u>	<u>39,411</u>	<u>8,298</u>	<u>4,173</u>	<u>28,014</u>	<u>-</u>	<u>87,896</u>
Accumulated amortization:							
Balance as at 1 January	7,333	13,799	3,545	2,298	-	-	26,975
Amortization for the year	400	1,972	383	149	-	-	2,904
Balance as at 31 December	<u>7,733</u>	<u>15,771</u>	<u>3,928</u>	<u>2,447</u>	<u>-</u>	<u>-</u>	<u>29,879</u>
Net book value as of 31 December	<u>267</u>	<u>23,640</u>	<u>4,370</u>	<u>1,726</u>	<u>28,014</u>	<u>-</u>	<u>58,017</u>

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* This item represents the total amount paid by Jordanian Duty Free Shops Company to the General Treasury in return for granting it the exclusive right to set up duty free markets at border crossings and seaports for a period of 10 years starting from 30 August 2001. The Company has to pay 8% of its gross sales as a service fee to the General Treasury in return for such rights. During 2009, the exclusive rights agreement was extended for an additional 10 years starting from 31 August 2011 to 30 August 2021 for a payment of JD 4 million and payment of 9% of its gross monthly sales as service fees to the General Treasury except for the sales from Special Economic Zone as its subject to the Aqaba Special Economic Zone regulations. As of 1 January 2017, the Company is committed to pay 10.5% of its monthly gross sales to the Ministry of Finance.

- 9% service tax for the General Treasury.

-1.5% operating expenses for the Jordanian Customs Department.

The exclusive right agreement expired on 31 August 2021 to establish and operate duty-free markets at land crossings and seaports. During the year 2021, the Prime Minister's approval was issued to extend the exclusive right agreement initially until the end of 2021, and accordingly it formed a committee headed by the Minister of Justice to negotiate directly with the Jordanian Duty Free Shops Company to reach a fair price (in exchange for services and royalties for the treasury) in exchange for extending the exclusivity right agreement and for the period that the committee deems appropriate, and determines the form of contracting with the company. Subsequent to the date of these consolidated financial statements, the Council of Ministers decided on 17 April 2022, to approve the extension of the agreement for another 10 years and with different conditions and to instruct the Minister of Finance and the Minister of Investment to sign it on behalf of the Jordanian government and consider the terms of the new agreement for the exclusive right in force from the date of signing it.

** The item includes license with an amount of JD 39,397 thousand, representing the fair value of the electricity distribution licenses granted by the Energy and Minerals Regulatory Authority to the subsidiaries as at the date of the grants, which is amortized over the life of the license, which is 19 years.

*** This item represents the amount of compensations paid by the Group to landowners for damages caused by the passage of power lines over their property based on the court's decision or the decline in the market value of such property. Starting from the year 2014, the Group began to extinguish the right of passage over the remaining life of the license.

**** This item represents the amount of payments made by the United Travelling Center Company for the construction and development of the United Traveling Complex start-up infrastructure as intangible assets in accordance with IFRIC 12 Service Concession Arrangements, accordingly amounts paid represent the right (license) to use and operate a public facility for 27 years.

***** The details of this item are as follows:

1- Goodwill resulting from the acquisition of Electricity Distribution Company by Kingdom Electricity Company for Energy Investment with a total amount of JD 5,271 Thousand. This Company was identified as a cash – generating unit for the purpose of Goodwill impairment testing. Where Kingdom Electricity Company for Energy Investment performed a goodwill impairment test as at 31 December 2021 as follows:

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The recoverable amount for Irbid Electricity Distribution Company was determined based on the recoverable amount of the projected cash flows using the financial budget of 2021 that was approved by the Board of Directors. Cash flows after the year 2021 was calculated using a growth rate of 0.3%. Management believes that the growth rate is appropriate considering the nature of the business and overall inflation in the region. The projected cash flow was discounted at a rate of 11% and a growth rate of 1%. Based on the impairment testing results, no impairment losses were recognized as a result of the acquisition.

Management believes that there are no predicted changes on the basic assumptions used to determine the value in use that can reduce the recoverable amount against the net book value.

- 2- Goodwill resulting from the acquisition of Kingdom Electricity Company for Energy Investments (previously, Al Daman for Energy Investments) by the Social Security Investment Fund with a total amount of JD 22,743 thousand in 2011, which represents the amount of revaluation difference.

The recoverable amount for Kingdom Electricity Company for Energy Investments was determined based on its recoverable which was calculated based on the projected cash flows. This Company was identified as a cash generating unit for the purpose of Goodwill impairment testing. The projected cash flows were performed using a 13% discount rate and a growth rate of 3%. Based on the impairment testing results, no impairment losses were recognized as a result of the acquisition.

(17) OTHER ASSETS

This item consists of the following:

	<u>2021</u>	<u>2020</u>
Trade receivables	436,067	318,503
Accrued revenues and interests*	137,616	127,255
Prepaid expenses	28,613	26,968
Right of use assets	8,747	7,457
Checks under collection	3,315	2,908
Deferred tax assets	3,107	2,658
Housing Fund deposits	2,473	2,623
Other debt balances	546	438
	<u>620,484</u>	<u>488,810</u>
Less: provision for expected credit losses**	<u>(38,009)</u>	<u>(34,550)</u>
	<u>582,475</u>	<u>454,260</u>

* This item includes an amount of JD 2,022 thousand as of 31 December 2021, which represents accrued interests related to Unemployment Fund (31 December 2020: JD 2,136 thousand).

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** Movements on provision for expected credit losses for other assets during the year were as follows:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	-	262	34,288	34,550	28,777
Provision for the year	-	-	3,497	3,497	5,773
Receivables written-off	-	-	(38)	(38)	-
Balance as at 31 December	-	262	37,747	38,009	34,550

(18) ELECTRICITY SERVICE SUBSCRIBERS' DEPOSITS

This item represents amounts received by the subsidiaries of Kingdom Electricity Company for Energy Investments from the subscribers as cash deposits for electricity connection services, based on the instructions of delivery costs of the Electricity Regulatory Commission.

(19) ADVANCE PAYMENTS FROM ELECTRICITY SUBSCRIBERS

This item represents amounts received in advance by the subsidiaries of Kingdom Electricity Company for Energy Investments from the subscribers for the implementation of subscribers' contributions projects.

(20) DUE TO NATIONAL ELECTRIC POWER COMPANY

This item represents the amounts due from the subsidiaries of Kingdom Electricity Company for Energy Investments, in addition to interest on late payments related to purchased energy from National Electric Power Company (NEPCO). Interest penalties amounted to JD 35,094 thousand as at 31 December 2021 (31 December 2020: JD 24,493 thousand).

(21) BANK LOANS

This item consists of the following:

	31 December 2021		
	Loan Installments		
	Short term	Long term	Total
Arab Bank	345	2,245	2,590
Jordan Kuwait Bank	50	18,667	18,717
Housing Bank for Trade and Finance	6,667	15,333	22,000
Jordan Islamic Bank	6,000	-	6,000
Jordan Commercial Bank	17	87	104
	13,079	36,332	49,411

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	31 December 2020		
	Loan Installments		
	Short term	Long term	Total
Arab Bank	363	2,043	2,406
Jordan Kuwait Bank	3,111	15,605	18,716
Housing Bank for Trade and Finance	6,000	18,000	24,000
Jordan Islamic Bank	6,000	-	6,000
Cairo Amman Bank	3,000	-	3,000
Jordan Commercial Bank	143	-	143
	<u>18,617</u>	<u>35,648</u>	<u>54,265</u>

Arab Bank

This amount represents the loan amount granted to Jordan Press Foundation / Al Rai on 13 March 2014 from Arab Bank, with a ceiling of JD 3.5 million, bearing an interest rate of 8.625% and repayable over 44 monthly installments of JD 80 thousand, except for the last installment amounting to JD 60 thousand. The first installment was due on 1 April 2015. The purpose of the loan is to repay the due payments for the previous loan from Arab Bank and to finance the remaining Al Rai printing project and support the working capital and finance other administrative expenses.

The Company signed a contract with Arab Bank on 18 June 2019 to reschedule the loan payments, amending the monthly installment to become JD 25 thousand and at an interest rate of 8.875% payable over 57 installments with the first installment due 31 December 2019 until full payments. During the last quarter of 2019, the Company signed an appendix to increase the loan amount by JD 525 thousand from its overdraft bank account repayable over 45 monthly installments of JD 45 thousand at an interest rate of 9%. The first installment is due on 30 August 2020, with the last installment amounting to the loan's balance.

The Company signed a contract with Arab Bank to reschedule the loan on 29 April 2020, and on 8 July 2020 to increase the diminishing loan balance by JD 190 thousand and JD 400 thousand. Accordingly, the monthly instalment was amended to become JD 45 thousand and with an annual interest rate of 8% where the first instalment was due on 30 August 2020.

The company signed a contract with the Arab Bank to reschedule the loan on 19 April 2021, with a monthly instalment of 45 thousand, until full payment, except for the last instalment with the rest of the balance, The first instalment is due on 30 January 2022.

Jordan Kuwait Bank

This item represents the loan amount granted to Irbid District Electricity Company (a subsidiary of Kingdom Electricity Company for Energy Investments) in May 2016 by Jordan Kuwait Bank amounting to JD 28 million with a grace period of 3 years after the first withdrawal, to finance the company's capital and operating projects. The loan amount was fully utilized during 2016.

The loan is repayable over 18 semi-annual installments with an amount of JD 1.6 million including interest due. Interest is payable based on applicable interest rate on deposits with the Central Bank of Jordan plus a margin of a maximum rate of 2.65%, the minimum applicable interest rate is 5.3% annually.

On 6 February 2020 the Jordan Press Foundation / Al Rai obtained a diminishing loan from the Jordan Kuwait Bank with an amount of JD 50 thousand, bearing an interest rate of 10.5% without commission. The purpose of the loan is to repay a portion of their overdraft balance. The loan is repayable in one installment due on 6 February 2022.

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Housing Bank for Trade and Finance

This item represents loan amount granted to Electricity Distribution Company (a subsidiary of Kingdom Electricity Company for Energy Investments) on 24 November 2015 from the Housing Bank for Trade and Finance with a ceiling of JD 40 million, with a grace period of one year, bearing an interest rates ranging between 5% to 5.4% or the rate granted to the bank's top customers less 3% whichever is lower for the first five years of the loan life, and starting from the sixth year of the loan till the maturity date an interest rate as the granted rate to the bank's top customers less 3% with a minimum rate of 5.25% annually. The loan is repayable over 20 equal semi-annual installments, the first installment was due on 31 December 2016, the interest is payable every six months.

Kingdom Electricity Private Shareholding Company signed an agreement with the Housing Bank on 27 October 2021, to obtain financing of 2 million at an interest rate of 4.75%, provided that the loan will be repaid in 3 equal installments starting from 26 October 2022 so the due date of the last installment is on 26 October 2024.

Jordan Commercial Bank

This item represents the amount of loan granted to the Jordan Press Foundation / Al Rai on 6 March 2018 from Jordan Commercial Bank with an amount of JD 500 thousand and an annual interest rate of 9.5%. The loan is repaid by an advertising agent for the advertisements that the company advertises on his behalf.

On 29 May 2019, the Company rescheduled the loan to become JD 192 thousand with an interest rate of 10.25%. The loan is repayable over nine monthly installments of JD 22 thousand expect for last installment which represents the remaining amount of loan. The first installment was due on 30 June 2019. The loan was used to pay for incoming collection policy documents.

The Company signed a contract with the Jordan Commercial Bank to reschedule the loan on 10 March 2020. Accordingly, the loan is repaid to 24 monthly installments including interest, the value of each of which is 4 thousand, until full payment except for the last installment with the rest of the balance so that the first installment is due on 28 May 2020.

Cairo Amman Bank

This item represents the amount of the loan granted to the Kingdom Electricity Company on 21 October 2020 to obtain financing of JD 3 million, with an interest rate of 5.75%. The interest and full principal amount are to be paid on 20 October 2021. The loan balance was fully repaid during 2021.

Jordan Islamic Bank

This item represents the amount of the loan granted to the Electricity Distribution Company (a subsidiary of the Kingdom Electricity Company for Energy Investments) by signing an electric energy supply agreement (to finance the purchase of electric energy) with the Jordan Islamic Bank on 29 December 2019 in order to pay a portion of the electric energy purchase bill from the National Electricity Company with a ceiling of JD 6 million including the profit against an agreed annual profit rate of 4.9% where the agreement was extended for the year 2021 to become from the date of payment to the National Electric Power Company on 15 March 2021 for a period of one year. The installment and the resulting profit are due on 15 March 2022.

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(22) END OF SERVICE INDEMNITY PROVISION

Movements on end of service indemnity provision during the year were as follows:

	<u>2021</u>	<u>2020</u>
Balance as at 1 January	16,538	14,881
Provision for the year*	4,634	2,591
Paid during the year	<u>(2,452)</u>	<u>(934)</u>
Balance as at 31 December	<u>18,720</u>	<u>16,538</u>

* Kingdom Electricity Company for Energy Investments capitalized an amount of JD 919 thousand to projects in progress as of 31 December 2021 (31 December 2020: JD 467 thousand).

The employees end of service indemnity provision during the year was distributed as follows:

	<u>2021</u>	<u>2020</u>
Expenses in the consolidated statement of revenues and expenses (note 34)	3,715	2,124
Capitalized to projects in progress	<u>919</u>	<u>467</u>
	<u>4,634</u>	<u>2,591</u>

The actuarial assumptions used in determining the value of employees' end of service indemnity provision are as follows:

	<u>2021</u>	<u>2020</u>
Deduction rate	5%	5.15%
Mortality rate	0.19%	0.18%
Annual increments to salaries rate	6%	4.3%
Resignation rate	3%	3%
The percentage of the Company's contribution to social security net of employees' end of service indemnity	8%	8%

The following table represents possible changes in the current value of the end of service indemnity as at 31 December driven by the change of 1% in deduction, salary increase and resignation rates:

	Impact on the current value of employees' end of service indemnity provision	
<u>Increase by a rate of 1% in</u>	<u>2021</u>	<u>2020</u>
Deduction	(1,254)	(1,083)
Salaries	1,669	1,434
Resignations	486	367

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Decrease by a rate of 1% in	Impact on the current value of employees' end of service indemnity provision	
	2021	2020
Deduction	1,534	1,334
Salaries	(1,318)	(1,118)
Resignations	(486)	(367)

(23) DUE TO BANKS

This item represents credit facilities granted to Kingdom Electricity Company for Energy Investments and its subsidiaries from local banks, in addition to amounts granted to Jordan Press Foundation / AL-Rai and National Company for Touristic Development with annual interest rates that ranges between 4.77% and 8.75%. The aggregate ceilings for these facilities amounted to JD 107 million as at 31 December 2021 (31 December 2020: JD 85 million).

(24) OTHER LIABILITIES

This item consists of the following:

	2021	2020
Trade payables	39,405	36,515
Revenues and grants received in advance	30,405	26,580
Waste fees	10,302	10,309
Governmental provisions and fees	10,045	8,804
Lease contract obligations	9,486	7,888
Rural files payable	6,358	5,621
Accrued expenses	5,717	3,943
Due to the Ministry of Finance – television fees	5,303	4,463
Contingent liabilities provision*	4,570	3,476
Projects deposits	2,957	2,957
Contractors' payables and retentions	1,075	574
Other credit balances	33,156	33,133
	<u>158,779</u>	<u>144,263</u>

*Movements on provision for contingent liabilities during the year were as follows:

	2021	2020
Balance as at 1 January	3,476	537
Provision for the year	1,132	2,939
Paid during the year	(38)	-
Balance as at 31 December	<u>4,570</u>	<u>3,476</u>

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(25) PROPERTY AND EQUIPMENT REVALUATION RESERVE

The land owned by the National Company for Touristic Development is stated at cost as part of Property and Equipment. However, it was classified in accordance with the Group's accounting policies as part of Investment Properties at fair value and the necessary reconciliations were prepared in the consolidated financial statements. The difference between the book value and the fair value at the reclassification date on 1 January 2006 was recorded in Owner's Equity as Property and Equipment Revaluation Reserve.

(26) FAIR VALUE RESERVE

Movements on fair value reserve during the year were as follows:

	<u>2021</u>	<u>2020</u>
Balance as at 1 January	(105,193)	176,833
Change in fair value of financial assets through other comprehensive income	367,962	(275,307)
Gains (losses) realized from sale of financial assets through other comprehensive income	18,013	(6,719)
Balance as at 31 December	<u>280,782</u>	<u>(105,193)</u>

(27) SOCIAL SECURITY CORPORATION ACCOUNT - UNEMPLOYMENT FUND

Based on the Corporation's Board of Directors' decision No. 14/2013 dated 4 February 2013, the investments related to the Unemployment Fund were separated into a safe portfolio in an independent manner of other insurance funds. Accordingly, amounts related to the Unemployment Fund were transferred from the accounts of the Corporation to a separate account within the Fund's accounts during the year 2013, those amounts shall be invested in Jordanian treasury bonds based on the decision of the Board of Investment on 26 June 2013. The Corporation's Board of Directors decided in its meeting held on 25 April 2019 to allow insured individuals to withdraw their accumulated or a portion of their savings balance, for the purposes of enrolling their children in higher education institutions or vocational institutions, or for the purpose of covering medical expenses for the individual or a family member, in accordance with the Board's issued terms and conditions.

Movements on the account during the year were as follows:

	<u>2021</u>	<u>2020</u>
Balance as at 1 January	174,725	256,611
Net cash transferred during the year to the Corporation to Unemployment Fund	-	(91,183)
Unemployment fund's share of Investment Fund's returns for the year	8,739	9,297
Balance as at 31 December	<u>183,464</u>	<u>174,725</u>

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(28) MATERIAL PARTIALLY OWNED SUBSIDIARIES

Financial information of partially owned subsidiaries with a material non-controlling interest, were as follows:

Company name	Country	Nature of activity	Percentage of non-controlling interest	
			2021	2020
Kingdom Electricity for Energy Investments*	Jordan	Energy	30%	30%
Jordan Press Foundation / AL-Rai	Jordan	Press and publishing	45.07%	45.07%
Jordanian Duty Free Shops	Jordan	Trading	42.91%	42.91%
Al Daman for Investment	Jordan	Investment and renting	38.6%	38.6%

Condensed financial information of these subsidiaries is shown below. This information is based on amounts before the elimination of intercompany transactions.

	2021	2020
Accumulated balance for non-controlling interests		
Kingdom Electricity for Energy Investments	17,181	13,043
Jordan Press Foundation / AL-Rai	240	2,245
Jordanian Duty Free Shops	19,947	20,843
Al Daman for Investment	3,933	3,884

	2021	2020
Material gains (losses) attributable to non-controlling interests		
Kingdom Electricity for Energy Investments	5,917	3,747
Jordan Press Foundation / AL-Rai	(1,887)	(3,314)
Jordanian Duty Free Shops	69	92
Al Daman for Investment	49	(225)

	Kingdom Electricity for Energy Investments	
Condensed statement of financial position	2021	2020
Current assets	426,372	309,493
Non-current assets	523,702	522,557
Current liabilities	(494,095)	(394,214)
Non-current liabilities	(380,207)	(374,299)
Net equity	75,772	63,537
Share of non-controlling interests in equity	17,181	13,043

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	Kingdom Electricity for Energy Investments	
	2021	2020
Condensed statement of comprehensive income		
Operating revenues	563,277	566,575
Operating expenses	(464,925)	(471,112)
Administrative expenses	(15,163)	(35,744)
Late interest charges	(22,490)	(17,664)
Finance cost	(8,550)	(9,151)
Other expenses, net	(37,548)	(17,760)
Income for the year before income tax	14,601	15,144
Income tax	(5,321)	(3,419)
Income for the year	9,280	11,725
Other comprehensive income items	4,734	(5,830)
Total comprehensive income for the year	14,014	5,895
Attributable to the Company's shareholders	11,567	3,069
Attributable to non-controlling interests	2,447	2,826
Non-controlling interests' share of operating results	5,917	3,747
Condensed statement of cash flows:		
Operating activities	41,032	51,899
Investing activities	(32,085)	(36,239)
Financing activities	(19,703)	(16,549)
Net decrease in cash and cash equivalents	(10,756)	(889)

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	Jordan Press Foundation / AL-Rai	
	2021	2020
Condensed statement of financial position		
Current assets	3,151	2,498
Non-current assets	24,820	26,914
Current liabilities	(21,003)	(22,053)
Non-current liabilities	(6,436)	(2,380)
Net equity	532	4,979
Share of non-controlling interests in equity	240	2,245
Condensed statement of comprehensive income		
Revenue	5,271	4,928
Cost of revenues	(6,184)	(7,797)
Administrative expenses	(2,207)	(3,053)
Selling and distribution expenses	(174)	(245)
Other expenses, net	(893)	(1,185)
Loss for the year	(4,187)	(7,352)
Other comprehensive income items	-	-
Total comprehensive income for the year	(4,187)	(7,352)
Non-controlling interests' share of operating results	(1,887)	(3,314)
Condensed statement of cash flows		
Operating activities	915	(117)
Investing activities	(6)	(10)
Financing activities	(265)	(37)
Net increase (decrease) in cash and cash equivalents	644	(164)

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	Jordanian Duty Free Shops	
	2021	2020
Condensed statement of financial position		
Current assets	27,185	29,741
Non-current assets	29,221	27,428
Current liabilities	(3,943)	(3,350)
Non-current liabilities	(5,977)	(5,245)
Net equity	46,486	48,574
Share of non-controlling interests in equity	19,947	20,843
Condensed statement of comprehensive income		
Sales	27,442	26,264
Cost of sales	(16,595)	(14,784)
Administrative expenses	(4,299)	(5,755)
Selling and distribution expenses	(3,647)	(4,712)
Other expenses, net	(2,499)	(412)
Profit for the year before tax	402	601
Income tax expense	(240)	(387)
Profit for the year	162	214
Other comprehensive income items	-	-
Total comprehensive income for the year	162	214
Non-controlling interests' share of operating results	69	92
Condensed statement of cash flows:		
Operating activities	14,439	(4,640)
Investing activities	(10,725)	19,240
Financing activities	(3,074)	(25,617)
Net increase (decrease) in cash and cash equivalents	640	(11,017)

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Condensed statement of financial position	Al Daman for Investment	
	2021	2020
Current assets	3,090	3,096
Non-current assets	8,681	8,696
Current liabilities	(1,582)	(1,730)
Net equity	10,189	10,062
Share of non-controlling interests in equity	3,933	3,884
Condensed statement of comprehensive income		
Operating revenues	456	464
Operating expenses	(280)	(424)
Administrative expenses	(155)	(155)
Share of associate's results	(60)	(327)
Other revenues and expenses, net	(10)	(88)
Loss for the year	(49)	(530)
Other comprehensive income items	175	(52)
Total comprehensive income for the year	126	(582)
Non-controlling interests' share of operating results	49	(225)
Condensed statement of cash flows:		
Operating activities	(11)	(14)
Investing activities	94	118
Financing activities	(103)	(97)
Net (decrease) increase in cash and cash equivalents	(20)	7

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(29) NET OPERATING REVENUES

	Hotels sector	Press and publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
2021-						
Operating revenues	19,839	5,270	563,277	27,442	2,969	618,797
Operating expenses	(8,865)	(4,099)	(464,925)	(16,595)	(576)	(495,060)
Net operating revenues	<u>10,974</u>	<u>1,171</u>	<u>98,352</u>	<u>10,847</u>	<u>2,393</u>	<u>123,737</u>

	Hotels sector	Press and publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
2020-						
Operating revenues	13,995	4,928	566,575	26,264	2,796	614,558
Operating expenses	(8,647)	(5,699)	(471,112)	(14,784)	(423)	(500,665)
Net operating revenues	<u>5,348</u>	<u>(771)</u>	<u>95,463</u>	<u>11,480</u>	<u>2,373</u>	<u>113,893</u>

(30) INTEREST INCOME

This item consists of the following:

	2021	2020
Interest on bonds and treasury bills*	408,110	383,814
Interest on balances and deposits at banks and financial institutions*	58,862	62,399
Interest on loans and granted debts	19,075	16,316
	<u>486,047</u>	<u>462,529</u>

* These items contain an amount of JD 8,766 thousand as of 31 December 2021 representing interest income for the unemployment fund (2020: JD 9,296 thousand).

(31) GAINS (LOSSES) OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET

This item consists of the following:

	2021	2020
Realized gains	88	3,556
Unrealized revaluation gains (losses)	40,897	(4,122)
Commissions on purchasing and selling of financial assets	(2)	(1)
	<u>40,983</u>	<u>(567)</u>

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(32) GAINS (LOSSES) ON INVESTMENT PROPERTIES, NET

This item consists of the following:

	<u>2021</u>	<u>2020</u>
Revenues:		
Leased properties revenue	3,254	4,011
Compensation received	-	68
Expenses:		
Management fees, evaluation and other fees	(510)	(476)
Change in fair value:		
Gains (losses) on investment properties valuation at fair value (note 14)	11,857	(5,362)
	<u>14,601</u>	<u>(1,759)</u>

(33) DIVIDENDS DISTRIBUTION

This item consists of the following:

	<u>2021</u>	<u>2020</u>
Dividends from financial assets through other comprehensive income	36,850	13,473
Dividends from financial assets through profit or loss	6,796	926
	<u>43,646</u>	<u>14,399</u>

(34) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	<u>2021</u>	<u>2020</u>
Salaries, wages and employees' benefits	50,177	50,653
End of service indemnity (note 22)	3,715	2,124
Vehicles and transportation expenses	2,911	2,434
Board of Director's remuneration and transportation	2,419	2,518
Governmental fees and licenses	1,805	1,656
Rent	1,264	1,003
Professional and consultancy fees	1,143	2,753
Spare parts and material	979	809
Insurance expense	958	1,205
Interest on lease contracts obligations	790	682
Depreciation on right of use asset	744	720
Electricity, water and fuel	729	776
Telephone and mail	695	619
Legal expenses	506	-
Stationery and printings	317	266
Hotels supervision and operating fees	208	149
Repair and maintenance	166	140
Training and courses expense	105	94
Others	6,543	4,914
	<u>76,174</u>	<u>73,515</u>

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(35) FINANCE COST

This item includes finance costs and delay interests on repayments of energy bills of Kingdom Electricity Company for Energy Investments amounting to JD 30,122 thousand as at 31 December 2021 (2020: JD 25,144 thousand).

(36) CASH AND CASH EQUIVALENTS

This item consists of the following:

	<u>2021</u>	<u>2020</u>
Cash on hand, current and on demand accounts (note 3)	12,076	11,766
Deposits maturing within three months or less (note 4)	<u>348,626</u>	<u>354,314</u>
	<u>360,702</u>	<u>366,080</u>

Cash and cash equivalents in the consolidated statement of cash flows consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	360,702	366,080
Due to banks (note 23)	<u>(83,436)</u>	<u>(70,229)</u>
	<u>277,266</u>	<u>295,851</u>

(37) RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent associate companies and subsidiaries, major shareholders in associates and subsidiaries, directors and key management personnel and companies of which they are principal owners. The Group entered into transactions with the Social Security Corporation, associates and subsidiaries in its normal course of business with normal pricing, policies and terms. All loans granted to related parties are considered performing loans.

The following is a summary of related parties' transactions during the year:

<u>Consolidated Statements of financial position items</u>	<u>2021</u>				<u>2020</u>
	<u>Parent</u>	<u>Associates</u>	<u>Others</u>	<u>Total</u>	<u>Total</u>
Assets and liabilities:					
Bank balances and deposits-					
Jordan Kuwait Bank (current account)	-	3	-	3	28
Jordan Kuwait Bank (deposits)	-	67,700	-	67,700	55,285
Due from related parties-					
Al-Zarqa Station for Electrical Power Generation Company	-	-	-	-	29
InterContinental Hotels Group	-	-	-	-	9
				<u>-</u>	<u>38</u>
Loans-					
Social Security Corporation	100,000	-	-	100,000	100,000
Jordan Kuwait Bank (Note 21)	-	18,717	-	18,717	18,716

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Interest-

Deposits at Jordan Kuwait Bank	-	1,487	-	1,487	1,639
Social Security Corporation	4,044	-	-	4,044	2,835
Executive management salaries and remunerations	-	-	2,419	2,419	2,518
Investment Board remunerations	-	-	119	119	122

Cash dividends-

Jordan Petroleum Refinery Co.	-	1,019	-	1,019	3,468
The Jordan Worsted Mills Factory	-	421	-	421	541
Jordan Telecommunication Co.	-	5,415	-	5,415	4,332
Jordanian Electric Power Co.	-	924	-	924	1,341
Al Zanpaq Company	-	-	-	-	151
Zahrat Al Salam Company	-	-	-	-	136
Alward Aljoury Company	-	-	-	-	149
Jordan Solar one Company	-	-	-	-	236

(38) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, deposits at banks and financial institutions, financial assets at fair value through profit or loss, loans and granted debts, financial assets at fair value through other comprehensive income, financial assets at amortized cost, due from related parties and some other current assets. Financial liabilities consist of due to banks, bank loans, and other current liabilities.

The fair value of financial instruments is not materially different from their carrying values.

(39) RISK MANAGEMENT

The Group manages financial risks through a systematic methodology and a comprehensive strategy to identify the sources, types of risks and the mechanism of measuring, analyzing and planning to mitigate and manage the risk by reducing the effect of such risks and the probability of occurrence through available hedging instruments.

Risk management represents a continuous process where the Group monitors risks and then handles the variances that exceed allowed limits.

In addition, the Group also ensures the compliance with laws and regulations that governs the Group's activities which is reflected in its policies and procedures.

Risk management function is performed by a specialized risk management and compliance measurement department, in addition to the existing supporting committees such as the internal investment committee.

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CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation as they fall due.

The Group performs necessary financial and credit analysis when acquiring any bonds for public or private shareholding companies or when granting loans. Moreover, the Fund sets deposits ceiling for the local banks based on a defined methodology and the credit rating of the bank in addition to setting a ceiling for the volume of transactions with brokers based on a defined methodology.

OPERATING RISK

Operating risk is the risk that may arise during the execution of transactions and may be caused by internal factors related to employees, support services or information technology systems.

The Group issues policies and procedures to ensure proper execution of transactions in addition to providing the best information systems and specialized technical personnel and to develop plans to maintain business continuity under any emergency.

MARKET RISK

Market risk arises from fluctuations in the value of investment instruments, especially the fluctuations in stock prices and investment properties value, where the Group measures the risk through known statically measures (standard deviation, variance and covariance, coherence, beta, value at risk) and thus determines levels of acceptable risks based on approved strategic investment policy.

To mitigate the impact of such risks, especially in the absence of necessary hedging instruments, the Group increases the level of diversification in its portfolio and decreases the grade of correlation between the portfolio tools through proper sector distribution, and geographical distribution through approaching markets and investments that are less correlated.

INTEREST RATE RISK

Interest rate risk is the risk that results from changes in market value or future cash flows of financial instruments as a result of changes in interest rate.

The Group manages such risk through increasing or decreasing the recovery period of the investment instrument portfolio which is affected directly by interest rates such as deposits and bonds based on the Group's expectations of interest rate trends.

The Group performs analysis on the gaps of the investment instruments maturities and links it with the investment maturities and other liabilities which is performed by assets and liabilities committee, by allocating cash market management portfolio and bonds portfolio to fit its maturities with the Group's liabilities due dates.

The sensitivity of the consolidated statement of revenues and expenses is affected by the assumed changes in interest rates on the Group's profit for one year, calculated for financial assets and financial liabilities with floating rates held at 31 December.

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The following table demonstrates the sensitivity of the consolidated statement of revenues and expenses to reasonable and possible changes in interest rate as of 31 December while all other variables are held constant:

2021-

Currency	<u>Increase in interest rate</u> %	<u>Impact on surplus of revenues over expenses for the year</u>	<u>Impact on owners' equity</u>
JD	1	86,758	86,758
USD	1	3,815	3,815

2020-

Currency	<u>Increase in interest rate</u> %	<u>Impact on surplus of revenues over expenses for the year</u>	<u>Impact on owners' equity</u>
JD	1	80,251	80,251
USD	1	3,815	3,815

The effect of the decrease in interest rates with the same percentage is expected to be equal and opposite to the effect of increase shown above.

SHARE PRICE RISK

Share price risk represents the risk resulting from changes in the fair value of investment in shares. The Group manages these risks by diversifying investments in several economic sectors and geographical areas. Investments in shares included within the consolidated financial statements are mainly listed in Amman Stock Exchange Market.

The following table demonstrates the sensitivity of the consolidated statement of revenues and expenses (for financial assets at fair value through profit or loss) and statement of changes in equity (for financial assets at fair value through other comprehensive income) as a result of possible and reasonable changes in share prices, assuming that other variables held constant:

2021-	<u>Change in indicator</u> %	<u>Effect on surplus of revenues over expenses for the year</u>	<u>Effect on Social Security Corporation equity</u>
Indicator			
Amman Stock Exchange	5	6,258	71,664
Palestine Stock Exchange	5	529	529
London Stock Exchange	5	-	4,324
		<u>6,787</u>	<u>76,517</u>
2020-			
Indicator			
Amman Stock Exchange	5	4,407	51,172
Palestine Stock Exchange	5	351	351
London Stock Exchange	5	-	4,569
		<u>4,758</u>	<u>56,092</u>

The effect of the decrease in share prices with the same percentage is expected to be equal and opposite to the effect of increases shown above.

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FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Group's functional currency is the Jordanian Dinar, and US Dollar is considered as the base currency for foreign investments. Therefore, due to the fact that the Jordanian Dinar is fixed against the US Dollar, the Group is not exposed to significant currencies risk in relation to the US Dollar. Furthermore, the Group does not have any obligations in foreign currencies, accordingly, no hedging was performed against their obligations.

LIQUIDITY RISK

Liquidity risk is defined as the Group's inability to cover its obligations at their respective due dates. Since the Group does not have short term and middle term obligations, the liquidity is managed to provide the required funding for investing activities to balance the maturities of investment instruments and investment obligations.

The contractual maturity dates of assets are determined based on the remaining period of the contractual maturity date without taking into account the actual benefits reflected by the historical facts to maintain deposits and provide liquidity retention of deposits and the provision of the liquidity

The following table summarizes the maturities of assets, liabilities and equity:

	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Without maturity	Total
2021-								
Assets								
Cash and bank balances	12,076	-	-	-	-	-	-	12,076
Deposits at banks and financial institutions	474,651	296,038	606,808	245,592	-	-	-	1,623,089
Financial assets at fair value through profit or loss	-	-	-	-	-	-	135,724	135,724
Loans and granted debts	311	12,504	15,070	18,121	85,299	215,936	-	347,241
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,441,677	1,441,677
Investments in associates	-	-	-	-	-	-	482,480	482,480
Financial assets at amortized cost	-	14,999	277,916	155,880	1,052,507	5,573,659	-	7,074,961
Subscribers' contributions and rural files assets	-	-	-	-	-	201,928	-	201,928
Projects in progress	-	-	-	-	-	-	109,982	109,982
Inventories	-	-	-	-	-	-	25,723	25,723
Property and equipment	-	-	-	-	-	-	376,592	376,592
Investment properties	-	-	-	-	-	-	797,814	797,814
Investments in joint operations	-	-	-	-	-	-	15	15
Due from related parties	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	55,630	55,630
Other assets	-	-	-	-	-	-	582,475	582,475
Total Asset	487,038	323,541	899,794	419,593	1,137,806	5,991,523	4,008,112	13,267,407
Liabilities and Equity								
Liabilities-								
Subscribers' contributions and rural files liabilities	-	-	-	-	-	201,928	-	201,928
Electricity service subscribers' deposits	-	-	-	-	-	79,159	-	79,159
Advance payments from electricity subscribers	-	-	-	-	-	18,940	-	18,940
Due to National Electric Power Company	-	-	-	-	-	331,237	-	331,237
Bank loans	-	-	-	9,882	-	39,529	-	49,411
End of service indemnity provision	-	-	-	-	-	18,720	-	18,720
Due to banks	83,436	-	-	-	-	-	-	83,436
Income tax provision	-	-	6,038	-	-	-	-	6,038
Other liabilities	-	-	-	-	-	158,779	-	158,779
Total liabilities	83,436	-	6,038	9,882	-	848,292	-	947,648
Equity-								
Social Security Corporation Equity:								
Social Security Corporation current account	-	-	-	-	-	-	6,542,251	6,542,251
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	183,464	183,464
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	280,782	280,782
Cash flow hedges reserve	-	-	-	-	-	-	(3,764)	(3,764)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	5,241,263	5,241,263
Total Social Security Corporation Equity	-	-	-	-	-	-	12,275,808	12,275,808
Non-controlling interests	-	-	-	-	-	-	43,951	43,951
Total liabilities and equity	83,436	-	6,038	9,882	-	848,292	12,319,759	13,267,407

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2020-	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Without maturity	Total
Assets								
Cash and bank balances	11,766	-	-	-	-	-	-	11,766
Deposits at banks and financial institutions	157,625	196,689	576,089	565,234	-	-	-	1,495,637
Financial assets at fair value through profit or loss	-	-	-	-	-	-	95,161	95,161
Loans and granted debts	305	14,823	2,136	14,499	119,798	175,462	-	327,023
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,073,665	1,073,665
Investments in associates	-	-	-	-	-	-	464,289	464,289
Financial assets at amortized cost	-	29,224	230,786	210,347	1,045,865	5,055,969	-	6,572,191
Subscribers' contributions and rural files assets	-	-	-	-	-	-	201,154	201,154
Projects in progress	-	-	-	-	-	-	119,501	119,501
Inventories	-	-	-	-	-	-	36,485	36,485
Property and equipment	-	-	-	-	-	-	358,334	358,334
Investment properties	-	-	-	-	-	-	770,269	770,269
Investments in joint operations	-	-	-	-	-	-	1,046	1,046
Due from related parties	-	-	-	-	-	-	38	38
Intangible assets	-	-	-	-	-	-	58,017	58,017
Other assets	-	-	-	-	-	-	454,260	454,260
Total Asset	169,696	240,736	809,011	790,080	1,165,663	5,231,431	3,632,219	12,038,836
Liabilities and Equity								
Liabilities-								
Subscribers' contributions and rural files liabilities	-	-	-	-	-	201,154	-	201,154
Electricity service subscribers' deposits	-	-	-	-	-	74,034	-	74,034
Advance payments from electricity subscribers	-	-	-	-	-	17,238	-	17,238
Due to National Electric Power Company	-	-	-	-	-	248,233	-	248,233
Bank loans	-	-	-	18,617	-	35,648	-	54,265
End of service indemnity provision	-	-	-	-	-	16,538	-	16,538
Due to banks	70,229	-	-	-	-	-	-	70,229
Income tax provision	-	-	5,466	-	-	-	-	5,466
Other liabilities	-	-	-	-	-	144,263	-	144,263
Total liabilities	70,229	-	5,466	18,617	-	737,108	-	831,420
Equity-								
Social Security Corporation Equity:								
Social Security Corporation current account	-	-	-	-	-	-	6,407,251	6,407,251
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	174,725	174,725
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	(105,193)	(105,193)
Cash flow hedges reserve	-	-	-	-	-	-	(7,078)	(7,078)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,663,360	4,663,360
Total Social Security Corporation Equity	-	-	-	-	-	-	11,164,877	11,164,877
Non-controlling interests	-	-	-	-	-	-	42,539	42,539
Total liabilities and equity	70,229	-	5,466	18,617	-	737,108	11,207,416	12,038,836

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Sensitivity of interest prices were as follows:

2021-	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non-interest bearing	Total
Assets								
Cash and bank balances	12,076	-	-	-	-	-	-	12,076
Deposits at banks and financial institutions	474,651	296,038	606,808	245,592	-	-	-	1,623,089
Financial assets at fair value through profit or loss	-	-	-	-	-	-	135,724	135,724
Loans and granted debts	311	12,504	15,070	18,121	85,299	215,936	-	347,241
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,441,677	1,441,677
Investments in associates	-	-	-	-	-	-	482,480	482,480
Financial assets at amortized cost	-	14,999	277,916	155,880	1,052,507	5,573,659	-	7,074,961
Subscribers' contributions and rural files assets	-	-	-	-	-	201,928	-	201,928
Projects in progress	-	-	-	-	-	-	109,982	109,982
Inventories	-	-	-	-	-	-	25,723	25,723
Property and equipment	-	-	-	-	-	-	376,592	376,592
Investment properties	-	-	-	-	-	-	797,814	797,814
Investments in joint operations	-	-	-	-	-	-	15	15
Due from related parties	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	55,630	55,630
Other assets	-	-	-	-	-	-	582,475	582,475
Total Asset	487,038	323,541	899,794	419,593	1,137,806	5,991,523	4,008,112	13,267,407
Liabilities and equity								
Liabilities-								
Subscribers' contributions and rural files liabilities	-	-	-	-	-	201,928	-	201,928
Electricity service subscribers' deposits	-	-	-	-	-	79,159	-	79,159
Advance payment from electricity subscribers	-	-	-	-	-	18,940	-	18,940
Due to National Electric Power Company	-	-	-	-	-	331,237	-	331,237
Bank loans	-	-	-	9,882	-	39,529	-	49,411
End of service indemnity provision	-	-	-	-	-	18,720	-	18,720
Due to banks	83,436	-	-	-	-	-	-	83,436
Income tax provision	-	-	-	-	-	6,038	-	6,038
Other liabilities	-	-	-	-	-	158,779	-	158,779
Total Liabilities	83,436	-	-	9,882	-	854,330	-	947,648
Equity-								
Social Security Corporation Equity:								
Social Security Corporation current account	-	-	-	-	-	-	6,542,251	6,542,251
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	183,464	183,464
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	280,782	280,782
Cash flow hedges reserve	-	-	-	-	-	-	(3,764)	(3,764)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	5,241,263	5,241,263
Total Social Security Corporation Equity	-	-	-	-	-	-	12,275,808	12,275,808
Non-controlling interests	-	-	-	-	-	-	43,951	43,951
Total liabilities and equity	83,436	-	-	9,882	-	854,330	12,319,759	13,267,407
Sensitivity variance	403,602	323,541	899,794	409,711	1,137,806	5,137,193	(8,311,647)	-
Cumulative sensitivity variance	403,602	727,143	1,626,937	2,036,648	3,174,454	8,311,647	-	-

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<u>2020-</u>	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non-interest bearing	Total
Assets								
Cash and bank balances	11,766	-	-	-	-	-	-	11,766
Deposits at banks and financial institutions	157,625	196,689	576,089	565,234	-	-	-	1,495,637
Financial assets at fair value through profit or loss	-	-	-	-	-	-	95,161	95,161
Loans and granted debts	305	14,823	2,136	14,499	119,798	175,462	-	327,023
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,073,665	1,073,665
Investments in associates	-	-	-	-	-	-	-	464,289
Financial assets at amortized cost	-	29,224	230,786	210,347	1,045,865	5,055,969	-	6,572,191
Subscribers' contributions and rural files assets	-	-	-	-	-	-	201,154	201,154
Projects in progress	-	-	-	-	-	-	119,501	119,501
Inventories	-	-	-	-	-	-	36,485	36,485
Property and equipment	-	-	-	-	-	-	358,334	358,334
Investment properties	-	-	-	-	-	-	770,269	770,269
Investments in joint operations	-	-	-	-	-	-	1,046	1,046
Due from related parties	-	-	-	-	-	-	38	38
Intangible assets	-	-	-	-	-	-	58,017	58,017
Other assets	-	-	-	-	-	-	454,260	454,260
Total Asset	169,696	240,736	809,011	790,080	1,165,663	5,231,431	3,632,219	12,038,836
Liabilities and equity								
Liabilities-								
Subscribers' contributions and rural files liabilities	-	-	-	-	-	201,154	-	201,154
Electricity service subscribers' deposits	-	-	-	-	-	74,034	-	74,034
Advance payment from electricity subscribers	-	-	-	-	-	17,238	-	17,238
Due to National Electric Power Company	-	-	-	-	-	248,233	-	248,233
Bank loans	-	-	-	18,617	-	35,648	-	54,265
End of service indemnity provision	-	-	-	-	-	16,538	-	16,538
Due to banks	70,229	-	-	-	-	-	-	70,229
Income tax provision	-	-	-	-	-	5,466	-	5,466
Other liabilities	-	-	-	-	-	144,263	-	144,263
Total Liabilities	70,229	-	-	18,617	-	742,574	-	831,420
Equity-								
Social Security Corporation Equity:								
Social Security Corporation current account	-	-	-	-	-	-	6,407,251	6,407,251
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	174,725	174,725
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	(105,193)	(105,193)
Cash flow hedges reserve	-	-	-	-	-	-	(7,078)	(7,078)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,683,360	4,683,360
Total Social Security Corporation Equity	-	-	-	-	-	-	11,164,877	11,164,877
Non-controlling interests	-	-	-	-	-	-	42,539	42,539
Total liabilities and equity	70,229	-	-	18,617	-	742,574	11,207,416	12,038,836
	99,467	240,736	809,011	771,463	1,165,663	4,488,857	(7,575,197)	-
Sensitivity variance	-	-	-	-	-	-	-	-
Cumulative sensitivity variance	99,467	340,203	1,149,214	1,920,677	3,086,340	7,575,197	-	-

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(40) SEGMENT INFORMATION

The Group and its subsidiaries mainly operate in the Hashemite Kingdom of Jordan and its assets and liabilities are distributed according to geographical regions as follows:

	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Geographical region				
Inside Jordan	13,170,351	947,648	11,940,436	831,420
Arab countries (note 5)	10,572	-	7,027	-
Europe (note 7)	86,484	-	91,373	-
	<u>13,267,407</u>	<u>947,648</u>	<u>12,038,836</u>	<u>831,420</u>

Assets and liabilities are distributed according to economic sectors as follows:

	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Economic sector				
Investment	11,991,049	9,050	10,895,949	8,518
Hotels	117,736	5,345	104,479	5,010
Press and publishing	27,971	27,439	29,413	24,433
Energy	948,758	850,244	826,695	740,416
Trading	56,406	9,920	57,169	8,595
Other	125,487	45,650	125,131	44,448
	<u>13,267,407</u>	<u>947,648</u>	<u>12,038,836</u>	<u>831,420</u>

(41) CONTINGENT LIABILITIES

The contingent liabilities of the Group as of 31 December 2021 consist of the following:

- A. As at 31 December 2021, the outstanding letters of credit and letters of guarantee were JD 14,174 thousand (2020: JD 10,293 thousand).
- B. The expected remaining obligations to complete projects in progress for subsidiaries and Hotels owned by the Fund as at 31 December 2021 amounted to JD 263,421 thousand (2020: JD 268,590 thousand).
- C. Operating lease commitment for Al Daman for Investments:

On 30 September 1998, the Company signed a lease agreement for Aqaba Gate Land with an annual amount of JD 66 thousand for a period of 30 years and will be renewed twice in a row with a written request from the Company. Starting from the 11th year, an increase of a 4% or increase equivalent to the change in living costs in accordance with the official publications of the Central Bank of Jordan for the past year will be applied, whichever is lower.

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The minimum future lease payments as at 31 December were as follows:

	31 December	
	2021	2020
Less than 1 year	103	91
1 to 5 years	513	512
Over 5 years	29,419	30,419
	<u>30,035</u>	<u>31,022</u>

(42) FAIR VALUE HIERARCHY

The following table illustrates the fair value measurement hierarchy for financial instruments. The Group uses the following methods:

- Level (1): Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level (2): Valuation techniques for which Level (1) input that is significant to the fair value measurement is directly (such as prices) or indirectly observable (any derivative of prices).
- Level (3): Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Level (1)	Level (2)	Level (3)	Total
2021 -				
Financial assets:				
Financial assets through profit or loss	135,724	-	-	135,724
Financial assets through other comprehensive income	1,394,602	-	47,075	1,441,677
	<u>1,530,326</u>	<u>-</u>	<u>47,075</u>	<u>1,577,401</u>
2020 -				
Financial assets:				
Financial assets through profit or loss	95,161	-	-	95,161
Financial assets through other comprehensive income	1,026,680	-	46,985	1,073,665
	<u>1,121,841</u>	<u>-</u>	<u>46,985</u>	<u>1,168,826</u>

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(43) LITIGATIONS

Social Security Investment Fund

There are lawsuits against the Fund with an approximate amount of JD 1,004 thousand as at 31 December 2021 (31 December 2020: JD 1,004 thousand). The Fund recorded a provision for contingent liabilities against these lawsuits, amounting to JD 669 thousand.

Jordan Press Foundation / AL Rai – Subsidiary

Jordan Press Foundation / AL Rai is a defendant in lawsuits within the ordinary course of business amounting to JD 5,470 thousand as at 31 December 2021 (31 December 2020: JD 5,141 thousand). Management and legal counsel believe that no obligations shall arise from these lawsuits.

Jordanian Duty Free Shops – Subsidiary

- a. There are labor lawsuits raised against Jordanian Duty Free Shops Company with an amount of JD 17 thousand (31 December 2020: JD 27 thousand). Management and legal counsel believe that the existing provision is sufficient against these lawsuits.
- b. There are lawsuits related to customs raised against the Company with an amount of JD 455 thousand (31 December 2020: JD 20 thousand). Management and legal counsel believe that no obligations will arise from these lawsuits.

National Company for Tourism Development – Subsidiary

There are lawsuits against the Company amounting to JD 15 thousand as at 31 December 2021 related to claims by lessees (31 December 2020: JD 66 thousand).

Kingdom Electricity Company for Energy Investments – Subsidiary

There are lawsuits against the Group related to its activities with a total amount of JD 1,624 thousand as at 31 December 2021 (31 December 2020: JD 2,184 thousand). Management and legal counsel believe that the current lawsuit provision recognized by the Group is sufficient and there is no need to recognize additional provision.

The dispute of Irbid Electricity Company (a subsidiary) with National Electric Power Co (NEPCO)

National Electric Power Company (the Company's energy supplier) demands JD 717 thousand, which represents a difference in delay interests. Management of the subsidiary and its legal advisor believe that the Company will not incur any obligations according to the electricity tariff (wholesale tariff) issued by the Energy and Minerals Regulatory Commission (EMRC) which is binding to both parties.

Crowne Plaza Resort – Dead Sea – Fully Owned Hotel

There are lawsuits raised against the resort amounting to JD 8 thousand as at 31 December 2021 (31 December 2020: JD 6 thousand). Management and legal counsel believe that the provision is sufficient to face any obligations from these lawsuits.

Intercontinental Resort – Aqaba - Fully Owned Hotel

There are lawsuits raised against the resort amounting to JD 158 thousand as at 31 December 2021 (31 December 2020: JD 88 thousand) related to the resort activities. Risks related to these lawsuits and their probability of occurrence were analyzed. Management and legal counsel believe that lawsuit provision recognized by the resort is sufficient to face any obligations from these lawsuits.

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Holiday Inn Resort - Dead Sea – Fully Owned Hotel

There are no lawsuits raised against the resort as at 31 December 2021 (31 December 2020: JD 7 thousand).

Crowne Plaza Hotel – Amman – Fully Owned Hotel

There are lawsuits raised against the hotel amounting to JD 65 thousand as at 31 December 2021 (31 December 2020: JD 49 Thousand). Management and legal counsel believe that there is no need to recognize a provision for them.

Crowne Plaza Hotel Petra and its Rest House - Fully Owned Hotel

There are labor lawsuits raised against the hotel amounting to JD 48 thousand as at 31 December 2021 (31 December 2020: JD 43 thousand). Management and legal counsel believe that the provision is sufficient.

(44) INCOME TAX PROVISION

Movements on provision for income tax during the year were as follows:

	<u>2021</u>	<u>2020</u>
Balance as at 1 January	5,466	3,356
Income tax expense for the year	7,002	5,457
Recovered from prior years' income tax	-	(275)
Income tax deposits	(3)	-
Income tax paid	<u>(6,427)</u>	<u>(3,072)</u>
Balance as at 31 December	<u>6,038</u>	<u>5,466</u>

Income tax presented in the consolidated statement of revenue and expense is as follows:

	<u>2021</u>	<u>2020</u>
Income tax expense for the year	7,002	5,457
Change in deferred tax assets	(449)	(201)
Recovered from prior years' income tax	<u>-</u>	<u>(275)</u>
	<u>6,553</u>	<u>4,981</u>

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Tax Position of the Group

Social Security Investment Fund

The income tax provision for the year ended 31 December 2021 and 2020 has been calculated in accordance with income tax law No. (34) of 2014 and its amendments. Management believes that the provision amounting to JD 272 thousand is sufficient and there is no need to recognize additional provision. Noting that most of the Fund's activities are tax exempted in accordance with the Income Tax Law excluding net income from rentals and dividends from foreign investments.

The Fund submitted its tax declarations for the years 2020 and 2019 within the legal period. The Income Tax Department did not review the Fund's accounting records until the date of these consolidated financial statements.

The Fund submitted its tax declarations for the years 2015 to 2018. The Income Tax Department estimated tax differences in a total of 433 thousand dinars for those years. The Fund objected to the claimed amounts and filed a lawsuit against the Department at the Income Tax Court of First Instance. The case is still pending with the court until the date of these consolidated financial statements.

The Fund obtained a final income tax clearance with the Income and Sales Tax Department up to the year 2014.

Kingdom Electricity Company for Energy Investments

The Company obtained a final income tax clearance with the Income Tax Department up to the year 2019. The Fund submitted its tax declarations for the year 2020. The Income and Sales Tax Department did not review the Fund's accounting records until the date of these consolidated financial statements.

Irbid District Electricity Company Public Shareholding Company – subsidiary of Kingdom Electricity Company for Energy Investments

The Company obtained a final tax clearance up to the year 2018. The Company submitted its tax declarations for the years 2020 to 2019. The Income and Sales Tax Department did not review the Company's accounting records until the date of these consolidated financial statements.

Electricity Distribution Company Public Shareholding Company – subsidiary of Kingdom Electricity Company for Energy Investments

The Company has obtained a final clearance up to the year 2019. The Company submitted its tax declarations for the year 2020 within the legal period. The Income and Sales Tax Department has not reviewed the Company's accounting records until the date of these consolidated financial statements.

Electricity Distribution Company – Aqaba – subsidiary of Kingdom Electricity Company for Energy Investments

The Company has obtained a final clearance up to the year 2017 and the Company has submitted the tax declaration for the years 2020, 2019 and 2018. The Income and Sales Tax Department did not review the Company's accounting records until the date of these consolidated financial statements.

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Jordan Press Foundation / Al Rai – Subsidiary

Income tax provision was not calculated for the years ended 31 December 2021 and 31 December 2020 due to the excess of deductible expenses over taxable income in accordance with the Income Tax Law No. (34) Of 2014 and its amendments.

The Company submitted its tax declarations for the years up to 2020 and 2019. The Income and Sales Tax Department did not review the Company's accounting records until the date of these consolidated financial statements.

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2018.

Jordanian Duty Free Shops Public Shareholding Company – Subsidiary

Income tax is calculated on interest income and other income for the years ended 31 December 2021 and 31 December 2020. The income tax was adjusted starting 1 January 2019 to become 20% for income tax, in addition to 1% national contribution, to become 21% in total according to the Jordanian tax law (34) for 2014 and its amendments.

Based on the Council of Ministers decision in their meeting held on 10 April 2018, the exemption on goods and services from the main activity of the Group was renewed where income tax is calculated on interest income and other income only.

The Group reached a final settlement with the Income and Sales Tax Department for the years 2004 up to the year 2007 and for the years 2009 to 2018.

An amount of JD 269,689 was estimated as tax claim for the years 2009, whereby the Income and Sales Tax Department included the interest income and other income as part of the income tax calculation. The tax claim was rejected and the rejection was refused by the Income Tax Department, and hence the Group has filed a lawsuit against the Income and Sales Tax Department at the Tax Court of First Instance and the Court has decided to cancel the claim; The Income Tax Department appealed the judgment and a decision was issued by the Court of Appeal to transfer the case to the Court of Cassation. During 2021, the Court of Cassation called back to the case to the Court of First Instance to reopen the case.

An amount of JD 228,706 was estimated as tax claim for the year 2009, whereby the Income and Sales Tax Department included the interest income and other income as part of the income tax calculation. The tax claim was rejected, and the rejection was refused by the Income Tax Department, and hence the Group has filed a lawsuit against the Income and Sales Tax Department at the Tax Court of First Instance and the Court has decided to cancel the claim; The Income Tax Department appealed the judgment and a decision was issued by the Court of Appeal to transfer the case to the Court of Cassation. During 2020, the Court of Cassation rejected the appeal and dismissed the lawsuit. Accordingly, the company reversed JD 211,096 from the provision of contingent liabilities provision to other income.

The Income Tax Department has not reviewed the income tax declaration for the year 2020 up to the date of these consolidated financial statements.

The Group has registered for sales tax with retroactive effect from 1 January 2014 It is committed to submitting returns within the legal deadlines and audited returns until the year 2019.

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National Company for Touristic Development - Subsidiary

The Company obtained a final tax clearance from the Income and Sales Tax Department up to the end of 2015. The Company has submitted its tax declarations for the years 2017, 2018 and 2019 and the Income and Sales Tax Department still has not reviewed those declarations.

Income tax provision was not calculated for the year ended 31 December 2021 and 2020 due to the excess of taxable expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

Al-Daman for Investments Public Shareholding Company – Subsidiary

Income tax for the years ended 31 December 2021 and 2019 was not calculated due to the Company having accumulated losses in accordance with Income Tax Law No. (34) of 2014 and its amendments and the Aqaba Special Economic Zone Law No. (32) of 2000 and its amendments. Income tax provision was not calculated for the year ended 31 December 2020 due to the excess of taxable expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014 and its amendments and the Aqaba Special Economic Zone Law No. (32) of 2000 and its amendments.

The Company obtained a final tax clearance from the Income and Sales Tax Department for the Company's activities in Amman up to the end of the year 2018, the Company has submitted its tax declaration for the years 2019 and 2020 and the Income and Sales Tax Department still has not reviewed this declaration until the consolidated financial statements preparation date.

The Company has obtained the final clearance from the Income and Sales Tax Department for the Company's business in the city of Aqaba up to 2017.

Tax declarations related to the Company's activities in Aqaba were submitted for the years 2020, 2019 and 2018 within the legal notice. The Income and Sales Tax Department still has not yet reviewed those declarations until the consolidated financial statements preparation date.

Rama for Investing and Saving Company – Subsidiary

Income tax is calculated on interest income and other income for the years ended 31 December 2021 and 2020 in accordance with Income Tax Law No. (34) of 2014 and its amendments. The income tax rates were adjusted starting 1 January 2019 to be 20% for income tax in addition to 1% national contribution.

The Company submitted its records for the year 2017 and 2020 and the Income and Sales Tax Department has accepted the Company's record within the sampling system. The Company submitted its records for the year 2018 and 2019 and the Income and Sales Tax Department has not reviewed the Company's record up to the date of the consolidated financial statement.

Al-Daman for Development Zones – Subsidiary

The Company has calculated its income tax provision for the years ended 31 December 2021 and 2020, in accordance with Income Tax Law No. (34) of 2014 and its amendments and in accordance with the Developing Zones Law No. (30) of 2014. The Company deducts 10% from its taxable income as income tax provision and 20% for income tax on interest income in addition to 1% national contribution in accordance with Income Tax Law No. (34) of 2014 and its amendments.

North Development Company obtained final clearance from the Income and Sales Department up to the year 2015. The Company also submitted its tax records for the years 2016 up to 2020, and the Income and Sales Tax Department has not reviewed the Company's record up to the date of these consolidated financial statement. The Company submitted its tax declarations for the year 2018 and it was accepted by the Income and Sales Tax Department without adjustments based on the samples system.

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Mafraq Developed Company submitted its tax records for the years 2020 and 2019, the Income and Sales Tax Department did not review the Company's records up to that date, and it accepted the tax record submitted by the Company based on the samples system up to the year 2018.

Daman for Development Zones Company submitted its tax records up to the year 2020 and obtained a final tax clearance from the Income and Sales Tax Department for those years up to 2017 based on the samples system. The Company submitted its tax declarations for the year 2018 and 2020 and the Income and Sales Tax Department has not reviewed the Company's record up to the date of these consolidated financial statement.

United Travelling Center – Subsidiary

Income tax provision was not calculated for the years ended 31 December 2021 and 2020 due to accumulated losses from previous years in accordance with the income tax legislation in place in the Hashemite Kingdom of Jordan and according to IAS (12).

the Income and Sales Tax Department had reviewed the Company's accounting records up to 2020 and the Company obtained final clearance up to 2020.

(45) THE SPREAD OF CORONA VIRUS (COVID -19) AND ITS IMPACT ON THE GROUP

The global economy was affected by the outbreak of the Corona virus, which led to a fundamental disruption in the global economy and various business sectors, as the government of the Hashemite Kingdom of Jordan decided during the year 2020 to impose a curfew law and suspend all business activities in the Kingdom in order to limit the spread of the virus. Consequently, this was negatively reflected on the results of the Social Security Investment Fund and its subsidiaries, which were affected by the government measures taken during the year 2020 to combat the virus.

During 2021, amendments to the defense laws and other decisions were issued by various parties to help the Jordanian economy in continuity by allowing the sectors to return to practice their business again, which directly contributed to the rise in stock prices in the Amman Stock Exchange, and thus increased the fair value of the fund's listed investments, and an increase in dividends for the year 2021 compared to the year 2020.

The tourism and hotel sector was also affected by the amendments to defense laws and decisions issued during 2021, which had a positive impact on business results for the year 2021 compared to the year 2020 due to the easing of restrictions and tightening of travel procedures, the opening of vital sectors, the increase in the occupancy rate of rooms, the average room rate for the day and One-available-room revenue, which contributed to the improvement in the performance of the hotels owned by the Fund for the year 2021 compared to the previous year and the budget for 2020.

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(46) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2021, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement,
- the right to defer must exist at the end of the reporting period,
- that classification is unaffected by the likelihood,
- that an entity will exercise its deferral right,
- and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2021, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021
(IN THOUSANDS OF JORDANIAN DINARS)

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. This standard is not applicable to the Group.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.