

**SOCIAL SECURITY CORPORATION –**

**SOCIAL SECURITY INVESTMENT FUND**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2022**



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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 2022, 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 2022, 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.

#### **Report on other legal and regulatory requirements**

The Fund maintains proper books of accounts, which are in agreement with the accompanying financial statement.



Amman – Jordan  
1 August 2023

**ERNST & YOUNG**  
Amman - Jordan

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Notes	2022	2021
<b>Assets</b>			
Cash and bank balances	3	31,906	12,076
Deposits at banks and financial institutions	4	1,758,150	1,623,089
Financial assets at fair value through profit or loss	5	146,126	135,724
Loans and granted debts, net	6	397,735	347,241
Financial asset at fair value through other comprehensive income	7	1,743,436	1,441,677
Investments in associates	8	518,134	482,480
Financial assets at amortized cost	9	7,869,691	7,074,961
Subscribers' contributions and rural files assets	10	202,041	201,928
Projects in progress	11	120,836	109,982
Inventories	12	36,349	25,723
Property and equipment, net	13	376,659	376,592
Investment properties	14	862,192	797,814
Investments in joint operations	15	15	15
Due from a related party	37	251	-
Intangible assets, net	16	69,629	55,630
Other assets	17	442,286	582,475
<b>Total assets</b>		<b>14,575,436</b>	<b>13,267,407</b>
<b>Liabilities and Equity</b>			
<b>Liabilities-</b>			
Subscribers' contributions and rural files liabilities	10	202,041	201,928
Electricity service subscribers' deposits	18	85,456	79,159
Advance payments from electricity subscribers	19	22,550	18,940
Due to National Electric Power Company	20	227,537	331,237
Bank loans	21	70,629	49,411
Income tax provision	44	10,034	6,038
End of service indemnity provision	22	22,333	18,720
Due to banks	23	40,355	83,436
Due to related parties	37	55	-
Other liabilities	24	202,187	158,779
<b>Total liabilities</b>		<b>883,177</b>	<b>947,648</b>
<b>Equity-</b>			
<b>Social Security Corporation Equity-</b>			
Social security corporation current account		6,972,968	6,542,251
Social security corporation current account – unemployment fund	27	84,910	183,464
Property and equipment revaluation reserve	25	31,812	31,812
Fair value reserve, net	26	577,896	280,782
Cash flow hedges reserve		4,469	(3,764)
Surplus of revenues over accumulated expenses		5,966,777	5,241,263
<b>Net Social Security Corporation Equity</b>		<b>13,638,832</b>	<b>12,275,808</b>
Non-controlling interest		53,427	43,951
<b>Net Equity</b>		<b>13,692,259</b>	<b>12,319,759</b>
<b>Total liabilities and equity</b>		<b>14,575,436</b>	<b>13,267,407</b>

The attached notes from 1 to 45 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 2022**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Notes	2022	2021
<b>Operating revenues -</b>			
Hotels		35,525	19,839
Press and publication		5,468	5,270
Energy		583,919	563,277
Commercial		55,955	27,442
Others		8,408	2,969
<b>Gross revenues</b>		<b>689,275</b>	<b>618,797</b>
Cost of revenues		(519,781)	(495,060)
<b>Net operating revenues</b>	29	<b>169,494</b>	<b>123,737</b>
Interest income	30	532,655	486,047
Gains on financial assets at fair value through profit or loss	31	10,542	40,983
Group's share of associates' net operating results	8	45,648	25,043
Gains on investment properties, net	32	39,661	14,601
Cash dividends distribution	33	84,958	43,646
Other revenues		28,599	36,047
<b>Net revenues</b>		<b>911,557</b>	<b>770,104</b>
<b>Expenses-</b>			
General and administrative expenses	34	(91,515)	(76,174)
Energy and maintenance expenses		(6,329)	(5,634)
Selling and distribution expenses		(5,789)	(4,878)
Depreciation of property and equipment	13	(30,189)	(30,215)
Amortization of intangible assets	16	(3,725)	(2,806)
Provision for expected credit losses		(17,164)	(2,149)
Provision for slow-moving inventory	12	(856)	(1,043)
Finance cost	35	(6,848)	(30,122)
Provision from contingent liabilities		(6)	(1,132)
Other expenses		(1,378)	(2,073)
<b>Total expenses</b>		<b>(163,799)</b>	<b>(156,226)</b>
Surplus of revenues over expenses for the year before income tax		747,758	613,878
Income tax expense	44	(11,233)	(6,553)
<b>Surplus of revenues over expenses for the year</b>		<b>736,525</b>	<b>607,325</b>
<b>Attributable to:</b>			
Social Security Investment Fund		723,776	604,655
Non-controlling interest		12,749	2,670
		<b>736,525</b>	<b>607,325</b>

The attached notes from 1 to 45 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 2022**  
(In THOUSANDS OF JORDANIAN DINARS)

	<u>2022</u>	<u>2021</u>
Surplus of revenues over expenses for the year	736,525	607,325
<b>Add: other comprehensive income not to be reclassified to revenues and expenses in subsequent periods</b>		
Change in fair value of financial assets through other comprehensive income	296,068	368,029
Group's share of net loss of hedging cash flow	11,761	4,734
<b>Total comprehensive income for the year</b>	<u>1,044,354</u>	<u>980,088</u>
<b>Attributable to:</b>		
Social Security Investment Fund	1,028,028	975,931
Non-controlling interest	16,326	4,157
	<u>1,044,354</u>	<u>980,088</u>

The attached notes from 1 to 45 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 2022**  
**(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, net	Cash flow hedges reserve	Surplus of revenues over accumulated expenses	Net Social Security Corporation equity	Non-controlling interest	Net equity
<b>2022-</b>									
Balance as at 1 January 2022	6,542,251	183,464	31,812	280,782	(3,764)	5,241,263	12,275,808	43,951	12,319,759
Surplus of revenues over expenses for the year	-	-	-	-	-	723,776	723,776	12,749	736,525
Reclassification of the Social Security Corporation current account and Unemployment Fund	59,521	(68,565)	-	-	-	9,044	-	-	-
Change in fair value of financial assets through other comprehensive income	-	-	-	296,019	-	-	296,019	49	296,068
Group's share of cash flow hedges reserve (note 8)	-	-	-	-	8,233	-	8,233	3,528	11,761
Realized gain on sale of financial assets through other comprehensive income	-	-	-	1,095	-	(1,095)	-	-	-
Cash transferred during the year, net	371,196	(36,200)	-	-	-	-	334,996	-	334,996
Unemployment Funds' share of the investment Funds' returns	-	6,211	-	-	-	(6,211)	-	-	-
Dividends from non-controlling interest	-	-	-	-	-	-	-	(6,850)	(6,850)
<b>Balance as at 31 December 2022</b>	<b>6,972,968</b>	<b>84,910</b>	<b>31,812</b>	<b>577,896</b>	<b>4,469</b>	<b>5,966,777</b>	<b>13,638,832</b>	<b>53,427</b>	<b>13,692,259</b>
<b>2021-</b>									
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
Group's share of cash flow hedges reserve (note 8)	-	-	-	-	3,314	-	3,314	1,420	4,734
Realized gains on sale of financial assets through other comprehensive income	-	-	-	18,013	-	(18,013)	-	-	-
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 interest	-	-	-	-	-	-	-	(2,745)	(2,745)
<b>Balance as at 31 December 2021</b>	<b>6,542,251</b>	<b>183,464</b>	<b>31,812</b>	<b>280,782</b>	<b>(3,764)</b>	<b>5,241,263</b>	<b>12,275,808</b>	<b>43,951</b>	<b>12,319,759</b>

The attached notes from 1 to 45 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 2022**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Notes	2022	2021
<b><u>Operating activities</u></b>			
Surplus of revenues over expenses for the year before income tax		747,758	613,878
<b>Adjustments -</b>			
Depreciation of property and equipment	13	30,189	30,215
Amortization of intangible assets	16	3,725	2,806
End of service indemnity provision	34	4,173	3,715
Group's share of associates' net operating results	8	(45,648)	(25,043)
Gains of revaluation of financial assets at fair value through profit or loss	31	(10,532)	(40,897)
Realized gains on sale of financial assets at fair value through profit or loss	31	(11)	(88)
Provision for slow-moving inventory	12	856	1,043
Provision for expected credit losses		23,784	3,546
Recovered from provision for expected credit losses		(6,620)	(1,397)
Gains on investment property valuation at fair value	32	(36,309)	(11,857)
Finance costs		6,848	30,122
Provision for contingent liabilities	24	6	1,132
<b>Working capital changes-</b>			
Deposits at banks and financial institutions with maturity of more than three months		612,091	(132,866)
Financial assets at fair value through profit or loss		141	422
Inventories		(11,482)	9,719
Other assets		103,263	(131,266)
Due from related parties		(251)	38
Electricity service subscribers' deposits		6,297	5,125
Advance payments from electricity subscribers		3,610	1,702
Due to National Electric Power Company		(103,700)	83,004
Due to related parties		55	-
Other liabilities		43,402	13,384
Payments of end of service indemnity	22	(1,600)	(2,452)
Income tax paid	44	(7,359)	(6,427)
<b>Net cash flows from operating activities</b>		<b>1,362,686</b>	<b>447,558</b>
<b><u>Investing activities</u></b>			
Financial assets at fair value through other comprehensive income		(7,350)	(643)
Financial assets at amortized cost		(788,110)	(502,819)
Investments in associates	8	5,240	4,467
Dividends received from associates	8	18,174	7,779
Investment properties	14	(13,200)	(18,270)
Property and equipment and projects in progress, net		(40,070)	(34,420)
Loans and granted debts		(50,839)	(19,095)
Investments in joint operations		-	(2)
Intangible assets	16	(17,724)	(419)
<b>Net cash flows used in investing activities</b>		<b>(893,879)</b>	<b>(563,422)</b>
<b><u>Financing activities</u></b>			
Net amounts transferred from Social Security Corporation		334,996	135,000
Bank loans		21,218	(4,854)
Change in non-controlling interest		(6,850)	(2,745)
Finance costs paid		(6,848)	(30,122)
<b>Net cash flows from financing activities</b>		<b>342,516</b>	<b>97,279</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>811,323</b>	<b>(18,585)</b>
Cash and cash equivalents at 1 January		277,266	295,851
<b>Cash and cash equivalents at 31 December</b>	36	<b>1,088,589</b>	<b>277,266</b>

The attached notes from 1 to 45 represent part of these consolidated financial statements

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

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**(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 2022 have been approved by the Board of Investment on its meeting held on 26 June 2023.

**(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**  
**31 DECEMBER 2022**  
**(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 2022. The subsidiaries that have been included in the consolidated financial statements are as follows:

	Sector	Paid in capital		Percentage of Ownership	
		2022	2021	2022	2021
				%	%
Jordan Press Foundation Public Shareholding Company / Al-Rai	Press and publication	10,000,000	10,000,000	54.9	54.9
Jordanian Duty Free Shops Public Shareholding Company	Trading	22,500,000	22,500,000	56.5	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 Terminal Travelling Center for Foreign Travel Cars LLC*	Leasing	1,726,202	1,986,499	100	100
Al Daman for Lease Financing LLC	Finance leasing	500,000	500,000	100	100
Al Daman for Hotel Transport Services LLC	Services	100,000	100,000	100	100
Kingdom Electricity Company for Energy Investments Private Shareholding**	Energy investments	50,000	50,000	70	70
Daman for Development Zones Private Shareholding ***	Land leasing and development	40,000,000	40,000,000	100	100
Jordan Daman Company for International Business LLC****	Investment	300,000	100,000	100	100
Al-Daman Investment and Agricultural Industries Private Shareholding *****	Agricultural investments	6,200,000	5,219,310	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 JD 1,374,962 was returned to the Investment Fund.

The General Assembly of the United Travelling Center LLC decided in its extraordinary meeting held on 17 April 2022 to reduce its capital by JD 260,297, so that the quoted and paid in capital becomes JD 1,726,202, in order to extinguish the accumulated losses with the amount of JD 85,514, and an amount of JD 174,783 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 Public Shareholding Company and its subsidiary	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.

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

\*\*\* 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.

On 25 April 2022, the Company has paid the unpaid portion of the capital amounting to JD 980,790 to become JD 6,200,000.

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 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.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**(IN THOUSANDS OF JORDANIAN DINARS)**

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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 used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

#### **Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, 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.

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.

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

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**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 recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

**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.

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

**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.

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

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

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**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.

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

**(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.

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**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.

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**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.

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**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.

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### **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.

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**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 in 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.

- **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:

	2022	2021
Cash on hand	19,573	570
Current accounts and deposits on demand*	12,333	11,506
	<u>31,906</u>	<u>12,076</u>

\* This item includes the amount of JD 144 thousand of current accounts related to the Unemployment Fund as at 31 December 2022 (31 December 2021: JD 113 thousand).

- Current accounts do not include balances with foreign banks and financial institution as at 31 December 2022 and 2021.
- There were no restricted balances as at 31 December 2022 and 2021.

**(4) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS**

This item consists of the following:

	2022	2021
Deposits maturing within 3 months or less	1,097,038	348,626
Deposits maturing within 3 to 6 months	275,615	648,856
Deposits maturing within 6 to 12 months	396,691	635,541
	<u>1,769,344</u>	<u>1,633,023</u>
Less: provision for expected credit losses*	(11,194)	(9,934)
	<u>1,758,150</u>	<u>1,623,089</u>

- Interest rates on Jordanian Dinar deposits range between 2.75% to 6.4% for the year ended at 31 December 2022 and from 2.95% to 4.5% for the year ended at 31 December 2021.
- There are no balances with foreign banks and financial institutions and there are no restricted balances as at 31 December 2022 and 2021.
- Deposits include an amount of JD 173 million which represents deposits against the mortgage of government bonds for the benefit of the Fund held at Capital Bank (The legal successor for Societe Generale Bank Jordan) (2021: JD 174 million).

\* The details of the movement on the provision for impairment of loans and debts granted are as follows:

	2022	2021
Balance as at 1 January	9,934	10,208
Provision (recovered from) during the year	1,260	(274)
Balance as at 31 December	<u>11,194</u>	<u>9,934</u>

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	9,934	-	-	9,934	10,208
Provision (recovered from) during the year	1,260	-	-	1,260	(274)
Balance as at 31 December	<u>11,194</u>	<u>-</u>	<u>-</u>	<u>11,194</u>	<u>9,934</u>

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

This item consists of the following:

<b>Quoted shares:</b>	<u>2022</u>	<u>2021</u>
Local	133,073	125,152
Foreign	13,053	10,572
	<u>146,126</u>	<u>135,724</u>

**(6) LOANS AND GRANTED DEBTS, NET**

This item consists of the following:

	<u>2022</u>	<u>2021</u>
Direct loans	355,194	303,724
Syndicated loans	32,287	37,679
Housing loans and others	16,102	11,341
	<u>403,583</u>	<u>352,744</u>
Less: provision for expected credit losses*	<u>(5,848)</u>	<u>(5,503)</u>
Net loans and granted debts	<u>397,735</u>	<u>347,241</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	355,194	3.5 – 8.39	1 January 2040	Governmental, real estate, legal
Syndicated loans	32,287	8.43 – 10.75	14 June 2028	Governmental, investment mortgage, legal
Housing loans and others	16,102	4.75	31 December 2056	Real estate
	<u>403,583</u>			

Non-performing loans and debts amounted to JD 1,924 thousand representing 0.48% of loans and granted debts as at 31 December 2022. A provision was provided in full against those loans (2021: JD 1,924 thousand representing 0.55% of loans and granted debts).

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

	<u>2022</u>			<u>2021</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Balance as at 1 January	3,579	-	1,924	5,503
Provision (recovered from) during the year	345	-	-	345
Balance as at 31 December	<u>3,924</u>	<u>-</u>	<u>1,924</u>	<u>5,848</u>
				<u>6,626</u>
				<u>(1,123)</u>
				<u>5,503</u>

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

This item consists of the following:

	<u>2022</u>	<u>2021</u>
<b>Financial assets - Quoted shares*:</b>		
Quoted shares – local	1,637,216	1,308,118
Quoted shares – foreign	<u>58,763</u>	<u>86,484</u>
	1,695,979	1,394,602
<b>Financial assets - Unquoted shares:</b>	<u>46,645</u>	<u>43,308</u>
<b>Other financial assets:</b>		
Investments in mutual funds – USD	<u>812</u>	<u>3,767</u>
<b>Total financial assets at fair value through other comprehensive income</b>	<u><u>1,743,436</u></u>	<u><u>1,441,677</u></u>

The fair value of unquoted shares and mutual funds is determined according to several methods that are appropriate to the nature of the company, where net book value, discounted cash flows, and net assets were used.

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

	<u>Ratio</u>	<u>2022</u>	<u>Ratio</u>	<u>2021</u>
	%		%	
Manufacturing sector	50.5	856,758	40.5	566,288
Banking sector	48	813,512	57.6	802,704
Services sector	1.4	24,353	1.7	23,514
Insurance sector	0.1	<u>1,356</u>	0.2	<u>2,096</u>
		<u><u>1,695,979</u></u>		<u><u>1,394,602</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	Balance using equity method at the beginning of the year	2022		2021				
							Loans repayments	Share of cash flow hedges reserve	Dividends received	Share of companies' results	Balance using equity method at year end	Fair market value at year end	
<i>Listed in Amman Stock Exchange</i>			%										
Jordan Kuwait Bank Public Shareholding	100,000,000	21,041,644	21.04	Banking	31 December 2022	96,052	-	(2,209)	3,931	97,741	52,078	96,052	42,925
Jordan Petroleum Refinery Co. Public Shareholding	100,000,000	20,399,997	20.41	Petrochemical	31 December 2022	59,764	-	(5,759)	21,206	75,788	109,180	59,784	69,082
Jordan Cement Factories Public Shareholding	60,444,460	13,207,226	21.85	Construction	31 December 2022	-	-	-	-	-	7,762	-	7,126
Jordan Telecommunication Co. Public Shareholding	187,500,000	54,150,000	28.88	Telecommunication	31 December 2022	223,596	-	(7,798)	12,718	228,516	127,253	223,596	115,881
Jordan Wizarat Mill Factories Public Shareholding	15,000,000	3,004,000	20.04	Textiles	31 December 2022	9,523	-	(406)	428	10,006	6,429	9,523	6,570
Al-Sharq Investment Projects Public Shareholding	16,000,000	4,164,153	26.03	Hotel services	31 December 2022	5,122	-	-	218	5,411	7,662	5,122	8,037
Jordan Electricity Company Public Shareholding	88,232,158	18,951,306	21.48	Energy	31 December 2022	43,801	-	(2,022)	3,368	45,770	40,676	43,801	21,969
						437,878	-	(18,174)	41,969	463,222	351,070	437,878	271,590
<i>Not listed in Amman Stock Exchange</i>													
Southern Dead Sea Development Private Shareholding	17,000,000	5,100,000	30	Investment	31 December 2022	5,572	-	-	2	5,574	5,280	5,572	5,439
Electrical Equipment Industries LLC	3,750,000	681,250	23.5	Manufacturing	31 December 2022	903	-	-	48	851	-	903	-
Al Zangaq Company Private Shareholding	167,000	50,100	30	Electricity generation	31 December 2022	1,125	360	-	332	1,817	-	1,125	-
Zahra Al Salam Company Private Shareholding	167,000	50,100	30	Electricity generation	31 December 2022	1,135	(415)	-	328	1,408	-	1,135	-
Alward Aljuy Company Private Shareholding	167,000	50,100	30	Electricity generation	31 December 2022	1,232	(415)	-	333	1,510	-	1,232	-
Jordan Solar One Company Private Shareholding	100,000	30,000	30	Electricity generation	31 December 2022	879	763	-	484	1,810	-	879	-
Al-Zangaq Station for Electrical Power Generation	50,000	20,000	40	Electricity generation	31 December 2022	33,721	9,918	-	2,255	41,804	-	41,800	33,721
Private Shareholding													
National Company for Infrastructure Investment	80,000	36,000	48.75	Investment	31 December 2022	35	-	-	(13)	32	29	35	34
Private Shareholding													
						44,602	(5,240)	-	3,779	54,902	5,309	44,602	5,473
						482,480	(5,240)	(18,174)	45,848	518,134	356,379	482,480	277,063

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

	Jordan Kuwait Bank	
	2022	2021
<b>Statement of Financial Position</b>		
Assets	3,546,939	3,005,137
Liabilities	(3,069,384)	(2,537,463)
Non-controlling interest	(1,722)	(278)
Net equity	475,833	467,396
Percentage of ownership	21.04%	21.04%
Net investment as of 31 December	97,741	96,052
<b>Statement of Comprehensive Income</b>		
Net Interest revenues, commissions and foreign currency	115,085	96,726
Gain (losses) on financial assets at fair value through other comprehensive income	25	(90)
Gain (losses) on financial assets at fair value through profit or loss	5,005	(304)
Cash dividends at fair value through other comprehensive income	1,666	1,069
Provision for impairment of direct credit facilities	(29,474)	(28,707)
Provision (recovery from) for credit losses	5,615	(1,894)
Employees' expenditures	(33,320)	(29,892)
Other revenues and expenses, net	(45,868)	(29,203)
Profit for the year	18,734	7,705
Attributable to Bank's shareholders	18,682	7,738
Attributable to non-controlling interests	52	(33)
Group's share of profit	3,931	1,628

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	Jordan Petroleum Refinery	
	2022	2021
<b>Statement of Financial Position</b>		
Current assets	1,245,823	977,062
Non-current assets	264,366	266,403
Current liabilities	(1,093,834)	(897,730)
Non-current liabilities	(78,664)	(83,107)
Non-controlling interest	(8,529)	(8,604)
Net equity	<u>329,162</u>	<u>254,024</u>
Percentage of ownership	<u>20.41%</u>	<u>20.41%</u>
Net investment as of 31 December	<u>75,788</u>	<u>59,784</u>
<b>Statement of Comprehensive Income</b>		
Sales	1,706,207	1,239,674
Cost of sales	(1,481,576)	(1,108,571)
Bank interests and commissions	(24,047)	(20,939)
Selling and distribution expenses	(57,017)	(51,026)
Other expenses, net	(38,485)	(6,895)
Profit for the year	<u>105,082</u>	<u>52,243</u>
Attributable to the Company's shareholders	103,953	52,028
Attributable to non-controlling interests	<u>1,129</u>	<u>215</u>
Group's share of profit	<u>21,206</u>	<u>10,619</u>

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	Jordan Telecommunication Company	
	2022	2021
<b>Statement of Financial Position</b>		
Current assets	187,647	181,812
Non-current assets	555,064	518,646
Current liabilities	(262,481)	(276,017)
Non-current liabilities	(181,841)	(143,082)
Net equity	298,389	281,359
Percentage of ownership	28.88%	28.88%
Net investment as of 31 December	228,516	223,596
<b>Statement of Comprehensive Income</b>		
Revenues	347,568	333,465
Cost of services	(125,319)	(119,005)
Administrative expenses	(26,056)	(26,726)
Selling and marketing expenses	(44,120)	(41,696)
Finance income	1,933	1,432
Other expenses, net	(109,975)	(121,346)
Profit for the year	44,031	26,124
Group's share of profit	12,718	7,545

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	Jordan Worsted Mill Factory	
	2022	2021
<b>Statement of Financial Position</b>		
Current assets	4,261	5,958
Non-current assets	54,355	50,897
Current liabilities	(490)	(979)
Non-current liabilities	(64)	(112)
Net equity	58,062	55,764
Percentage of ownership	20%	20%
Net investment as of 31 December	10,006	9,523
<b>Statement of Comprehensive Income</b>		
Sales	1,262	1,584
Cost of sales	(914)	(1,040)
Administrative expenses	(955)	(815)
Other revenue and expense, net	2,746	1,769
Profit for the year	2,139	1,498
Group's share of profit	428	300

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	<u>Al-Sharq Investments Projects</u>	
	<u>2022</u>	<u>2021</u>
<b>Statement of Financial Position</b>		
Current assets	3,370	1,542
Non-current assets	18,545	18,992
Current liabilities	<u>(1,275)</u>	<u>(828)</u>
Net equity	<u>20,640</u>	<u>19,706</u>
Percentage of ownership	<u>26.03%</u>	<u>26.03%</u>
Net investment as of 31 December	<u>5,411</u>	<u>5,122</u>
<b>Statement of Comprehensive Income</b>		
Operating revenues	6,636	3,679
Operating costs	(2,264)	(1,224)
Administrative expenses, maintenance, marketing and deprecation	(3,444)	(2,685)
Other revenues	177	2
Profit (loss) for the year	<u>1,105</u>	<u>(228)</u>
Group's share of profit (loss)	<u>218</u>	<u>(60)</u>

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	Jordan Electricity Company	
	2022	2021
<b>Statement of Financial Position</b>		
Current assets	542,607	606,007
Non-current assets	486,276	449,195
Current liabilities	(564,909)	(582,778)
Non-current liabilities	(323,851)	(339,877)
Net equity	140,123	132,547
Percentage of ownership	21.48%	21.48%
Net investment as of 31 December	45,770	43,801
<b>Statement of Comprehensive Income</b>		
Operating revenues	961,970	899,772
Operating costs	(798,505)	(751,273)
Administrative expenses, maintenance, marketing and deprecation	(129,442)	(122,617)
Other expenses, net	(10,490)	(10,413)
Profit for the year before tax	23,533	15,469
Income tax expense	(8,016)	(4,288)
Profit for the year	15,517	11,181
Group's share of profit	3,368	2,402

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**(9) FINANCIAL ASSETS AT AMORTIZED COST**

This item consists of the following:

	Average interest rates %	2022	2021
<b>A- Government and public institution bonds</b>			
Treasury bonds*	3.48 – 7.99	7,729,116	6,891,010
Public institutions bonds	6.41 – 6.48	21,640	36,634
		<u>7,750,756</u>	<u>6,927,644</u>
<b>B- Bonds, debts and other securities</b>			
Private companies' bonds and debts	4.0 - 7.0	125,567	160,569
Less: provision for expected credit losses**		(6,632)	(13,252)
		<u>118,935</u>	<u>147,317</u>
		<u>7,869,691</u>	<u>7,074,961</u>

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

\* Treasury bonds include an amount of JD 80,015 thousand as of 31 December 2022, representing treasury bonds related to the unemployment fund (31 December 2021: JD 181,336 thousand).

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

	2022			2021	
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	12,666	-	586	13,252	13,203
Provision for the year	(7,079)	-	-	(7,079)	49
Recovered during the year	-	-	459	459	-
Balance as at 31 December	<u>5,587</u>	<u>-</u>	<u>1,045</u>	<u>6,632</u>	<u>13,252</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.

	<u>2022</u>	<u>2021</u>
<b>Cost-</b>		
Balance as at 1 January	397,650	381,923
Transfer from projects in progress	<u>15,543</u>	<u>15,727</u>
Balance as at 31 December	<u>413,193</u>	<u>397,650</u>
<b>Accumulated amortization</b>		
Balance as at 1 January	195,722	180,769
Depreciation for the year*	<u>15,530</u>	<u>14,953</u>
Balance as at 31 December	<u>211,152</u>	<u>195,722</u>
<b>Net book value as at 31 December</b>	<u>202,041</u>	<u>201,928</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>2022</u>	<u>2021</u>
Subscribers' contribution liability	147,794	148,084
Rural fils liabilities	<u>54,247</u>	<u>53,844</u>
	<u>202,041</u>	<u>201,928</u>

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**(11) PROJECTS IN PROGRESS**

This item consists of the following:

	2022	2021
Aqaba Touristic Beach project*	32,173	32,142
Al-Mafraq project's land infrastructure cost**	27,813	28,555
Electricity connection projects ***	22,605	18,910
Development of Duty-Free Shops on border crossings****	15,115	13,433
Crowne Plaza Resort renovation – Petra*****	12,403	9,713
Building and development of Irbid projects' Infrastructure *****	8,091	5,706
Intercontinental Hotel renovation – Aqaba	-	716
Amra Crowne Plaza renovation – Amman	-	232
Crowne Plaza Hotel – Dead Sea	-	22
Other projects in progress	2,636	553
	<u>120,836</u>	<u>109,982</u>

- \* This item represents the land of the touristic beach project and what is on it. The National Company for Touristic Development (subsidiary) has conducted an economic feasibility study during 2022 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 2023.
- \*\* The Company has updated the estimated cost estimate for completion of the Mafraq project by an engineering company on 5 February 2021. The total cost expected to complete this project is approximately JD 143 million. The estimated cost per square meter developer is JD 78/12 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 2022.
- \*\*\* 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 2022. The cost of completion of the unfinished part of the projects under progress is estimated at JD 13,175 thousand as at 31 December 2022 (31 December 2021: JD 15,545 Thousand).
- \*\*\*\* This item represents the cost of completing Jordanian Duty Free Shop's border stores as well as the Fountain project in Aqaba. The expected cost is estimated at approximately JD 1,326 thousand as at 31 December 2022 (31 December 2021: JD 17,376 Thousand). These projects are expected to be completed during the year 2023.
- \*\*\*\*\* This amount 12,403 JD This item represents Crowne Plaza Resort renovation – Petra development project. The expected cost of the project is JD 21,082 thousand and is expected to be completed during the year 2023.
- \*\*\*\*\* 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 2022 and is expected to be completed in 2046, based on the study provided by the consulting company.

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**(12) INVENTORIES**

This item consists of the following:

	<u>2022</u>	<u>2021</u>
Electricity tools, material and spare parts	22,033	18,500
Finished goods	9,576	3,963
Raw materials	702	917
Food and beverage	283	239
Goods in transit	10	224
Supplies and operational tools	4	5
Others	<u>9,064</u>	<u>6,825</u>
	41,672	30,673
Less: provision for slow moving inventory*	<u>(5,323)</u>	<u>(4,950)</u>
	<u>36,349</u>	<u>25,723</u>

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

	<u>2022</u>	<u>2021</u>
Balance as at 1 January	4,950	3,994
Provision for the year	1,043	1,043
(Recovery) provision for compensation of goods from suppliers	(243)	578
Recovered during the year	(187)	-
Inventory written off during the year	<u>(240)</u>	<u>(665)</u>
Balance as at 31 December	<u>5,323</u>	<u>4,950</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
<b>2022-</b>												
<b>Cost:</b>												
Balance as at 1 January	28,413	181,464	505	47,835	418,590	18,194	4,092	43,794	55,643	11,559	8,344	818,163
Additions	8	338	238	578	17,103	1,168	686	767	81	31	426	21,424
Disposal	(286)	(2)	-	(634)	(3,809)	(329)	(32)	(288)	(213)	(231)	(107)	(5,931)
Transfers from projects in progress*	18	1,015	-	12	9,837	29	-	-	-	-	-	10,911
Balance as at 31 December	<u>27,883</u>	<u>182,815</u>	<u>743</u>	<u>47,791</u>	<u>441,721</u>	<u>19,062</u>	<u>4,746</u>	<u>44,273</u>	<u>55,511</u>	<u>11,359</u>	<u>8,663</u>	<u>844,567</u>
<b>Accumulated depreciation:</b>												
Balance as at 1 January	-	64,485	2	40,187	226,073	15,378	4,027	28,214	44,523	11,544	7,138	441,571
Depreciation for the year	-	4,460	69	534	18,003	1,211	17	3,869	1,833	31	162	30,189
Disposal	-	(1)	-	(625)	(2,133)	(240)	(32)	(272)	(211)	(231)	(107)	(3,852)
Balance as at 31 December	-	68,944	71	40,096	241,943	16,349	4,012	31,811	46,145	11,344	7,193	467,908
<b>Net book value as of 31 December 2022</b>	<u>27,883</u>	<u>113,871</u>	<u>672</u>	<u>7,695</u>	<u>199,778</u>	<u>2,713</u>	<u>734</u>	<u>12,462</u>	<u>9,366</u>	<u>15</u>	<u>1,470</u>	<u>376,659</u>
<b>2021-</b>												
<b>Cost:</b>												
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>
<b>Accumulated depreciation:</b>												
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	-	64,485	2	40,187	226,073	15,378	4,027	28,214	44,523	11,544	7,138	441,571
<b>Net book value as of 31 December 2021</b>	<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>

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**(14) INVESTMENT PROPERTIES**

This item consists of the following:

	<u>2022</u>	<u>2021</u>
Land held for investment	805,605	766,555
Buildings held for investment	56,369	31,032
Others	218	227
	<u>862,192</u>	<u>797,814</u>

Movements on investment properties during the year were as follows:

	<u>2022</u>	<u>2021</u>
Balance as at 1 January	797,814	770,269
Purchase of investment properties	13,200	18,270
Transfers to properties and equipment, net		(3,615)
Transfers from investments in joint operations*	-	1,033
Buildings built on leased land**	14,869	-
Profits on valuation of investment properties at fair value (note 32)	36,309	11,857
Balance as at 31 December	<u>862,192</u>	<u>797,814</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.

\*\* The Fund concluded agreements during the previous years with tenants of lands belonging to the Fund, provided that the tenant builds buildings on these lands. These agreements stipulate that the ownership of the buildings built on these lands belongs to the Fund as part of the lease agreement for these lands.

**(15) INVESTMENTS IN JOINT OPERATIONS**

This item consists of Al-Zaytuna project (1) 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 2022 and 2021, the details of these projects were as follows:

	<u>2022</u>	<u>2021</u>
Al-Zaytuna project (1)*	15	15
	<u>15</u>	<u>15</u>

\* It is expected that during 2023, the projects' lands will be transferred to investment properties.

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**(16) INTANGIBLE ASSETS**

<b>2022-</b>	<b>Exclusive right*</b>	<b>Licenses**</b>	<b>Right of passing ***</b>	<b>Right to use and operate ****</b>	<b>Goodwill*****</b>	<b>Computer software</b>	<b>Total</b>
<b>Cost:</b>							
Balance as at 1 January	8,000	39,411	8,323	4,173	28,014	394	88,315
Additions	17,697	-	16	11	-	-	17,724
<b>Balance as at 31 December</b>	<b>25,697</b>	<b>39,411</b>	<b>8,339</b>	<b>4,184</b>	<b>28,014</b>	<b>394</b>	<b>106,039</b>
<b>Accumulated amortization:</b>							
Balance as at 1 January	8,000	17,741	4,308	2,584	-	52	32,685
Amortization for the year	1,180	1,970	379	120	-	76	3,725
<b>Balance as at 31 December</b>	<b>9,180</b>	<b>19,711</b>	<b>4,687</b>	<b>2,704</b>	<b>-</b>	<b>128</b>	<b>36,410</b>
<b>Net book value as of 31 December</b>	<b>16,517</b>	<b>19,700</b>	<b>3,652</b>	<b>1,480</b>	<b>28,014</b>	<b>266</b>	<b>69,629</b>
<b>2021-</b>	<b>Exclusive right</b>	<b>Licenses</b>	<b>Right of passing</b>	<b>Right to use and operate</b>	<b>Goodwill</b>	<b>Computer software</b>	<b>Total</b>
<b>Cost:</b>							
Balance as at 1 January	8,000	39,411	8,298	4,173	28,014	-	87,896
Additions	-	-	25	-	-	394	419
<b>Balance as at 31 December</b>	<b>8,000</b>	<b>39,411</b>	<b>8,323</b>	<b>4,173</b>	<b>28,014</b>	<b>394</b>	<b>88,315</b>
<b>Accumulated amortization:</b>							
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
<b>Balance as at 31 December</b>	<b>8,000</b>	<b>17,741</b>	<b>4,308</b>	<b>2,584</b>	<b>-</b>	<b>52</b>	<b>32,685</b>
<b>Net book value as of 31 December</b>	<b>-</b>	<b>21,670</b>	<b>4,015</b>	<b>1,589</b>	<b>28,014</b>	<b>342</b>	<b>55,630</b>

\* 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.

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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 company has deducted the amounts to be paid for obtaining the exclusive right to establish duty free shops at land crossings and seaports for a period of 10 years from 1 May 2022 to the present value using a discount rate of 5,5% and recorded them as a liability in the statement of financial position.

- \*\* The item represents 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 2022 as follows:

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 2022 that was approved by the Board of Directors. Cash flows after the year 2022 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.

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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>2022</u>	<u>2021</u>
Trade receivables	306,546	436,067
Accrued revenues and interests*	147,564	137,616
Prepaid expenses	27,523	28,613
Right of use assets	7,957	8,747
Checks under collection	3,816	3,315
Housing Fund deposits	2,354	2,473
Other debt balances	2,244	546
Deferred tax assets	3,698	3,107
	<u>501,702</u>	<u>620,484</u>
Less: provision for expected credit losses**	<u>(59,416)</u>	<u>(38,009)</u>
	<u>442,286</u>	<u>582,475</u>

\* This item includes an amount of JD 700 thousand as of 31 December 2022, which represents accrued interests related to Unemployment Fund (31 December 2021: JD 2,022 thousand).

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

	<u>2022</u>	<u>2021</u>
Balance as at 1 January	38,009	34,550
Provision for the year	22,179	3,497
Receivables written-off	(772)	(38)
Balance as at 31 December	<u>59,416</u>	<u>38,009</u>

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	2022			2021
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January	-	262	37,747	38,009
Provision for the year	-	-	22,179	22,179
Receivables written-off	-	-	(772)	(772)
Balance as at 31 December	-	262	59,154	59,416

**(18) ELECTRICITY SERVICE SUBSCRIBERS' DEPOSITS**

This item represents amounts received by the subsidiaries of Kingdom Electricity Company for Energy Investments (subsidiary) 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 (subsidiary) from the subscribers for the implementation of subscribers' contributions projects. The Group closes this item after completing the project in the items of subscribers' contributions liabilities and subscribers' contributions assets.

**(20) DUE TO NATIONAL ELECTRIC POWER COMPANY**

This item represents the amounts due from the subsidiaries of Kingdom Electricity Company for Energy Investments (subsidiary), in addition to interest on late payments related to purchased energy from National Electric Power Company (NEPCO). Interest penalties amounted to JD 6,602 thousand as at 31 December 2022 (31 December 2021: JD 35,094 thousand).

**(21) BANK LOANS**

This item consists of the following:

	31 December 2022		
	Loan Installments		
	Short term	Long term	Total
Arab Bank	2,852	-	2,852
Jordan Kuwait Bank	2,222	18,445	20,667
Housing Bank for Trade and Finance	6,000	10,000	16,000
Safwa Islamic Bank	6,000	-	6,000
Jordan Islamic Bank	25,000	-	25,000
Jordan Commercial Bank	110	-	110
	42,184	28,445	70,629

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	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
	<u>13,079</u>	<u>36,332</u>	<u>49,411</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 remaining 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 2015 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 2015.

The loan is repayable over 18 semi-annual installments with an amount of JD 1,555,555 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.

During 2022, Irbid District Electricity Company (subsidiary to Kingdom Electricity Company) signed an agreement with Jordan Kuwait Bank to restructure the loan, whereby the Company was granted a grace period of three years for instalments only, without interest, as of 17 January 2022. The loan is repayable in 12 semi-annual instalments of JD 1,555,555 except the last instalment is JD 1,555,565, in which the first instalment is due on 3 December 2023. Interest will be at a fixed rate of 5% annually for the first year, as it was later amended to become 4.75% starting 6 June until 4 December 2022.

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On 5 December 2022, the interest rate increased to 6.50% and then a variable interest rate will be applied starting 4 June 2023 equal to the interest rate applicable on the deposit window with the Central Bank of Jordan in addition to a margin of 2.5% so that the minimum total interest rate is 4.75% per annum for the life of the loan.

On 1 December 2022 the Company (Kingdom Electricity Company) has signed a loan agreement with Jordan Kuwait Bank amounting to JD 2,000,000, with interest rate of 7.75%. the loan is repayable over 3 equal amounts plus interest, the first payment is due one year from the loan granting date.

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 was paid in full in 2022.

**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, the interest rate has been adjusted to 5.75% with a fixed interest rate for a period of one year from 1 September 2022, noting that the above-mentioned interest rate will be reinstated in 1 September 2023.

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. the loan was paid in full in 2022.

**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 2021. 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 2021.

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**Jordan Islamic Bank**

This item represents the value of the loan granted to the Electricity Distribution Company (a subsidiary of the Kingdom Electricity Company for Energy Investments) by signing an agreement for the supply of electric energy (financing the price of electric energy) with Jordan Islamic Bank to pay part of the electricity purchase bill from the National Electric Power Company with a credit limit including profit of 25 million dinars against an agreed annual profit rate of 4.3% (2021: 4.9%). The full loan amount will be repaid during 2023.

**Safwa Islamic Bank**

This item represents the value of the loan granted to the Electricity Distribution Company (a subsidiary of the Kingdom Electricity Company for Energy Investments) by signing an agreement for the supply of electric power (financing the price of electric power) with Safwa Islamic Bank on July 26, 2022 to pay part of the electricity purchase bill from the National Electric Power Company with a credit limit including profit of JD 6 million against an agreed annual profit rate of 4.5%. The full loan amount will be repaid during 2023.

**(22) END OF SERVICE INDEMNITY PROVISION**

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

	<u>2022</u>	<u>2021</u>
Balance as at 1 January	18,720	16,538
Provision for the year*	5,213	4,634
Paid during the year	<u>(1,600)</u>	<u>(2,452)</u>
Balance as at 31 December	<u>22,333</u>	<u>18,720</u>

\* Kingdom Electricity Company for Energy Investments (subsidiary) capitalized an amount of JD 1,040 thousand to projects in progress as of 31 December 2022 (31 December 2021: JD 919 thousand).

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

	<u>2022</u>	<u>2021</u>
Expenses in the consolidated statement of revenues and expenses (note 34)	4,173	3,715
Capitalized to projects in progress	<u>1,040</u>	<u>919</u>
	<u>5,213</u>	<u>4,634</u>

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

	<u>2022</u>	<u>2021</u>
Deduction rate	5%	5%
Mortality rate	0.19%	0.19%
Annual increments to salaries rate	6%	6%
Resignation rate	2%	3%
The percentage of the Company's contribution to social security net of employees' end of service indemnity	8%	8%

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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	
	2022	2021
<u>Increase by a rate of 1% in</u>		
Deduction	(1,096)	(1,254)
Salaries	1,568	1,669
Resignations	528	486
	Impact on the current value of employees' end of service indemnity provision	
	2022	2021
<u>Decrease by a rate of 1% in</u>		
Deduction	1,345	1,534
Salaries	(1,230)	(1,318)
Resignations	(528)	(486)

**(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% per year (2021 between 4.77% to 8.75% per year). The aggregate ceilings for these facilities amounted to JD 122 million as at 31 December 2022 (31 December 2021: JD 107 million).

**(24) OTHER LIABILITIES**

This item consists of the following:

	2022	2021
Trade payables	51,214	39,405
Revenues and grants received in advance	42,430	30,405
Lease contract obligations	8,916	9,486
Waste fees	11,329	10,302
Governmental provisions and fees	21,427	10,045
Contingent liabilities provision*	4,576	4,570
Rural files payable	6,068	6,358
Due to the Ministry of Finance – television fees	5,667	5,303
Projects deposits	2,957	2,957
Accrued expenses	6,927	5,717
Contractors' payables and retentions	816	1,075
Other credit balances	39,860	33,156
	<u>202,187</u>	<u>158,779</u>

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

	<u>2022</u>	<u>2021</u>
Balance as at 1 January	4,570	3,476
Provision for the year	6	1,132
Paid during the year	-	(38)
Balance as at 31 December	<u>4,576</u>	<u>4,570</u>

**(25) PROPERTY AND EQUIPMENT REVALUATION RESERVE**

The land owned by the National Company for Touristic Development (subsidiary) 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>2022</u>	<u>2021</u>
Balance as at 1 January	280,782	(105,193)
Change in fair value of financial assets through other comprehensive income	296,019	367,962
Gains realized from sale of financial assets through other comprehensive income	1,095	18,013
Balance as at 31 December	<u>577,896</u>	<u>280,782</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.

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Movements on the account during the year were as follows:

	2022	2021
Balance as at 1 January	183,464	174,725
Net cash transferred during the year to the Corporation to Unemployment Fund	(36,200)	-
Unemployment fund's share of Investment Fund's returns for the year	6,211	8,739
Reclassification of the Social Security Corporation current account and Unemployment Fund	(68,565)	-
Balance as at 31 December	84,910	183,464

**(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	
			2022	2021
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.

	2022	2021
<b>Accumulated balance for non-controlling interest</b>		
Kingdom Electricity for Energy Investments	24,621	17,181
Jordan Press Foundation / Al-Rai	-	240
Jordanian Duty Free Shops	21,638	19,947
Al Daman for Investment	4,076	3,933
Al Daman for Development	3,092	2,650
	53,427	43,951

	2022	2021
<b>Material gains (losses) attributable to non-controlling interests</b>		
Kingdom Electricity for Energy Investments	11,149	5,917
Jordan Press Foundation / Al-Rai	(240)	(1,887)
Jordanian Duty Free Shops	9,189	69
Al Daman for Investment	136	49

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	Kingdom Electricity for Energy Investments	
	2022	2021
<b>Condensed statement of financial position</b>		
Current assets	312,779	410,372
Non-current assets	545,819	523,702
Current liabilities	(388,034)	(494,095)
Non-current liabilities	(383,797)	(380,207)
Net equity	86,767	59,772
<b>Share of non-controlling interests in equity</b>	24,621	17,181
<b>Condensed statement of comprehensive income</b>		
Operating revenues	583,919	563,277
Operating expenses	(461,839)	(464,925)
Administrative expenses	(16,502)	(15,163)
Late interest charges	(9,434)	(22,490)
Finance cost	(7,782)	(8,550)
Other expenses, net	(53,475)	(37,548)
<b>Income for the year before income tax</b>	34,887	14,601
Income tax	(9,379)	(5,321)
<b>Income for the year</b>	25,408	9,280
Other comprehensive income items	11,756	4,734
<b>Total comprehensive income for the year</b>	37,164	14,014
Attributable to the Company's shareholders	28,579	11,567
Attributable to non-controlling interests	8,585	2,447
<b>Non-controlling interests' share of operating results</b>	11,149	5,917
<b>Condensed statement of cash flows:</b>		
Operating activities	121,506	41,032
Investing activities	(41,060)	(32,085)
Financing activities	(1,024)	(19,703)
<b>Net increase (decrease) in cash and cash equivalents</b>	79,422	(10,756)

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	Jordan Press Foundation / AL-Rai	
	2022	2021
<b>Condensed statement of financial position</b>		
Current assets	2,812	3,151
Non-current assets	22,385	24,820
Current liabilities	(22,761)	(21,003)
Non-current liabilities	(3,514)	(6,436)
Net equity	(1,078)	532
<b>Share of non-controlling interests in equity</b>	-	240
<b>Condensed statement of comprehensive income</b>		
Revenue	5,468	5,271
Cost of revenues	(5,871)	(6,184)
Administrative expenses	(1,697)	(2,207)
Selling and distribution expenses	(142)	(174)
Other revenue (expenses), net	632	(893)
<b>Loss for the year</b>	(1,610)	(4,187)
Other comprehensive income items	-	-
<b>Total comprehensive income for the year</b>	(1,610)	(4,187)
<b>Non-controlling interests' share of operating results</b>	(726)	(1,887)
<b>Condensed statement of cash flows</b>		
Operating activities	(315)	915
Investing activities	(9)	(6)
Financing activities	(289)	(265)
<b>Net (decrease) increase in cash and cash equivalents</b>	(613)	644

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	Jordanian Duty Free Shops	
	2022	2021
<b>Condensed statement of financial position</b>		
Current assets	36,129	27,185
Non-current assets	46,500	29,221
Current liabilities	(10,912)	(3,943)
Non-current liabilities	(21,289)	(5,977)
Net equity	50,428	46,486
<b>Share of non-controlling interests in equity</b>	<b>21,638</b>	<b>19,947</b>
<b>Condensed statement of comprehensive income</b>		
Sales	55,955	27,442
Cost of sales	(22,605)	(16,595)
Administrative expenses	(5,450)	(4,299)
Selling and distribution expenses	(4,100)	(3,647)
Other expenses, net	(2,386)	(2,499)
<b>Profit for the year before tax</b>	<b>21,414</b>	<b>402</b>
Income tax expense	(357)	(240)
<b>Profit for the year</b>	<b>21,057</b>	<b>162</b>
Other comprehensive income items	-	-
<b>Total comprehensive income for the year</b>	<b>21,057</b>	<b>162</b>
<b>Non-controlling interests' share of operating results</b>	<b>9,189</b>	<b>69</b>
<b>Condensed statement of cash flows:</b>		
Operating activities	12,276	14,439
Investing activities	(7,598)	(10,725)
Financing activities	(6,405)	(3,074)
<b>Net increase in cash and cash equivalents</b>	<b>1,727</b>	<b>640</b>

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	Al Daman for Investment	
	2022	2021
<b>Condensed statement of financial position</b>		
Current assets	3,312	3,090
Non-current assets	8,864	8,681
Current liabilities	(1,635)	(1,582)
Net equity	10,541	10,189
<b>Share of non-controlling interests in equity</b>	<b>4,076</b>	<b>3,933</b>
<b>Condensed statement of comprehensive income</b>		
Operating revenues	485	456
Operating expenses	(322)	(280)
Administrative expenses	(186)	(155)
Share of associate's results	218	(60)
Other revenues and expenses, net	31	(10)
<b>Profit (loss) for the year</b>	<b>226</b>	<b>(49)</b>
Other comprehensive income items	126	175
<b>Total comprehensive income for the year</b>	<b>352</b>	<b>126</b>
<b>Non-controlling interests' share of operating results</b>	<b>136</b>	<b>49</b>
<b>Condensed statement of cash flows:</b>		
Operating activities	157	(11)
Investing activities	300	94
Financing activities	(102)	(103)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>355</b>	<b>(20)</b>

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**(29) NET OPERATING REVENUES**

	Hotels sector*	Press and publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
<b>2022-</b>						
Operating revenues	35,525	5,468	583,919	55,955	8,408	689,275
Operating expenses	(13,124)	(5,871)	(461,839)	(33,350)	(5,597)	(519,781)
<b>Net operating revenues</b>	<b>22,401</b>	<b>(403)</b>	<b>122,080</b>	<b>22,605</b>	<b>2,811</b>	<b>169,494</b>
<b>2021-</b>						
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)
<b>Net operating revenues</b>	<b>10,974</b>	<b>1,171</b>	<b>98,352</b>	<b>10,847</b>	<b>2,393</b>	<b>123,737</b>

\* The details of the operating income of the hotel sector are as follows:

	Amrah Crowne Plaza – Amman	Crowne Plaza- Petra	InterContinental – Aqaba	Amman Cham Palace – Amman	Holiday Inn – Dead Sea	Crowne Plaza Dead Sea	Total
<b>2022-</b>							
Operating revenues	6,862	4,007	8,924	-	5,907	9,825	35,525
Operating expenses	(2,621)	(1,278)	(2,899)	-	(2,356)	(3,970)	(13,124)
<b>Net operating revenues</b>	<b>4,241</b>	<b>2,729</b>	<b>6,025</b>	<b>-</b>	<b>3,551</b>	<b>5,855</b>	<b>22,401</b>
<b>2021-</b>							
Operating revenues	4,021	1,126	5,751	-	3,533	5,408	19,839
Operating expenses	(1,866)	(420)	(2,065)	-	(1,739)	(2,755)	(8,865)
<b>Net operating revenues</b>	<b>2,135</b>	<b>706</b>	<b>3,686</b>	<b>-</b>	<b>1,794</b>	<b>2,653</b>	<b>10,974</b>

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**(30) INTEREST INCOME**

This item consists of the following:

	<u>2022</u>	<u>2021</u>
Interest on bonds and treasury bills*	437,978	408,110
Interest on balances and deposits at banks and financial institutions*	73,908	58,862
Interest on loans and granted debts	20,769	19,075
	<u>532,655</u>	<u>486,047</u>

\* These items contain an amount of JD 6,215 thousand as of 31 December 2022 representing interest income for the unemployment fund (2021: JD 8,766 thousand).

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

This item consists of the following:

	<u>2022</u>	<u>2021</u>
Realized gains	11	88
Unrealized revaluation gains	10,532	40,897
Commissions on purchasing and selling of financial assets	(1)	(2)
	<u>10,542</u>	<u>40,983</u>

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

This item consists of the following:

	<u>2022</u>	<u>2021</u>
<b>Revenues:</b>		
Leased properties revenue	3,736	3,254
<b>Expenses:</b>		
Management fees, evaluation and other fees	(384)	(510)
<b>Change in fair value:</b>		
Gains on investment properties valuation at fair value (note 14)	36,309	11,857
	<u>39,661</u>	<u>14,601</u>

**(33) DIVIDENDS DISTRIBUTION**

This item consists of the following:

	<u>2022</u>	<u>2021</u>
Dividends from financial assets through other comprehensive income	77,083	36,850
Dividends from financial assets through profit or loss	7,875	6,796
	<u>84,958</u>	<u>43,646</u>

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**(34) GENERAL AND ADMINISTRATIVE EXPENSES**

This item consists of the following:

	<u>2022</u>	<u>2021</u>
Salaries, wages and employees' benefits	54,902	50,177
End of service indemnity (note 22)	4,173	3,715
Vehicles, travel and transportation expenses	3,959	2,911
Board of Director's remuneration and transportation	1,605	2,419
Governmental fees and licenses	4,090	1,805
Rent	310	1,264
Professional and consultancy fees	2,053	1,143
Spare parts and material	1,162	979
Insurance expense	944	958
Interest on lease contracts obligations	651	790
Depreciation on right of use asset	767	744
Electricity, water and fuel	843	729
Telephone and mail	845	695
Penalties for late payments of invoices	409	506
Benefits of late bill payments	9,434	-
Stationery and printings	636	317
Hotels supervision and operating fees	760	208
Repair and maintenance	194	166
Training and courses expense	248	105
Others	3,530	6,543
	<u>91,515</u>	<u>76,174</u>

**(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 6,848 thousand as at 31 December 2022 (2021: JD 30,122 thousand).

**(36) CASH AND CASH EQUIVALENTS**

This item consists of the following:

	<u>2022</u>	<u>2021</u>
Cash on hand, current and on demand accounts (note 3)	31,906	12,076
Deposits maturing within three months or less (note 4)	1,097,038	348,626
	<u>1,128,944</u>	<u>360,702</u>

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	1,128,944	360,702
Due to banks (note 23)	(40,355)	(83,436)
	<u>(1,088,589)</u>	<u>277,266</u>

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**(37) RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties represent associate companies, major shareholders in associates, directors and key management personnel and companies of which they are principal owners. The Group entered into transactions with the Social Security Corporation and associates 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>	2022			2021	
	Parent	Associates	Others	Total	Total
<b>Assets and liabilities:</b>					
<b>Bank balances and deposits-</b>					
Jordan Kuwait Bank (current account)	-	186	-	186	3
Jordan Kuwait Bank (deposits)	-	63,000	-	63,000	67,700
<b>Due from a related party</b>					
InterContinental Hotels Group	-	251	-	251	-
				<u>63,437</u>	<u>67,703</u>
<b>Due to related parties</b>					
	-	55	-	55	-
				<u>55</u>	<u>-</u>
<b>Loans-</b>					
Social Security Corporation	120,000	-	-	120,000	100,000
Jordan Kuwait Bank (Note 21)	-	20,667	-	20,667	18,717
<u>Consolidated statement of revenue and expenses items</u>					
<b>Interest-</b>					
Deposits at Jordan Kuwait Bank	-	2,294	-	2,294	1,487
Social Security Corporation	4,027	-	-	4,027	4,044
Executive management salaries and remunerations	-	-	708	708	2,419
Investment Board remunerations	-	-	115	115	119
<b>Cash dividends-</b>					
Jordan Petroleum Refinery Co.	-	5,444	-	5,444	1,019
The Jordan Worsteds Mills Factory	-	406	-	406	421
Jordan Telecommunication Co.	-	7,798	-	7,798	5,415
Jordanian Electric Power Co.	-	1,687	-	1,687	924

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**(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 a related party and some other current assets. Financial liabilities consist of due to banks, bank loans due to related parties and some 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.

**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.

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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.

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:

<b>2022-</b>			
<b>Currency</b>	<b>Increase in interest rate</b>	<b>Impact on surplus of revenues over expenses for the year</b>	<b>Impact on owners' equity</b>
	<b>%</b>		
JD	1	96,428	96,428
USD	1	4,147	4,147
<b>2021-</b>			
<b>Currency</b>	<b>%</b>		
JD	1	86,758	86,758
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.

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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:

2022-	Change in indicator	Effect on surplus of revenues over expenses for the year	Effect on Social Security Corporation equity
Indicator	%		
Amman Stock Exchange	5	6,654	88,514
Palestine Stock Exchange	5	653	653
London Stock Exchange	5	-	2,938
		7,307	92,105
2021-			
Indicator			
Amman Stock Exchange	5	6,258	71,664
Palestine Stock Exchange	5	529	529
London Stock Exchange	5	-	4,324
		6,787	76,517

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.

**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.

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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
<b>2022-</b>								
<b>Assets</b>								
Cash and bank balances	31,906	-	-	-	-	-	-	31,906
Deposits at banks and financial institutions	688,002	409,036	275,815	385,497	-	-	-	1,758,150
Financial assets at fair value through profit or loss	-	-	-	-	-	-	146,126	146,126
Loans and granted debts	2,851	12,527	17,981	20,096	93,359	250,921	-	397,735
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,743,436	1,743,436
Investments in associates	-	-	-	-	-	-	518,134	518,134
Financial assets at amortized cost	-	169,101	185,037	118,352	1,303,388	6,093,813	-	7,869,691
Subscribers' contributions and rural files assets	-	-	-	-	-	202,041	-	202,041
Projects in progress	-	-	-	-	-	-	120,836	120,836
Inventories	-	-	-	-	-	-	36,349	36,349
Property and equipment	-	-	-	-	-	-	376,659	376,659
Investment properties	-	-	-	-	-	-	862,192	862,192
Investments in joint operations	-	-	-	251	-	-	15	15
Due from a related party	-	-	-	-	-	-	69,629	69,629
Intangible assets	-	-	-	-	-	-	442,286	442,286
Other assets	-	-	-	-	-	-	-	-
<b>Total Asset</b>	<b>722,759</b>	<b>590,664</b>	<b>478,833</b>	<b>524,196</b>	<b>1,396,747</b>	<b>6,546,775</b>	<b>4,315,662</b>	<b>14,575,436</b>
<b>Liabilities and Equity</b>								
<b>Liabilities-</b>								
Subscribers' contributions and rural files liabilities	-	-	-	-	-	-	202,041	202,041
Electricity service subscribers' deposits	-	-	-	-	-	-	85,456	85,456
Advance payments from electricity subscribers	-	-	-	-	-	-	22,550	22,550
Due to National Electric Power Company	-	-	-	-	-	-	227,537	227,537
Bank loans	-	-	-	-	-	-	70,629	70,629
Income tax provision	-	-	-	-	-	-	10,034	10,034
End of service indemnity provision	-	-	-	-	-	-	22,333	22,333
Due to banks	-	-	-	-	-	-	40,355	40,355
Due to related parties	-	-	-	-	-	-	55	55
Other liabilities	-	-	-	-	-	-	202,187	202,187
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>883,177</b>	<b>883,177</b>
<b>Equity-</b>								
<b>Social Security Corporation Equity:</b>								
Social Security Corporation current account	-	-	-	-	-	-	6,972,968	6,972,968
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	84,910	84,910
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	577,898	577,898
Cash flow hedges reserve	-	-	-	-	-	-	4,469	4,469
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	5,966,777	5,966,777
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,638,832</b>	<b>13,638,832</b>
Non-controlling interests	-	-	-	-	-	-	53,427	53,427
<b>Total liabilities and equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,575,436</b>	<b>14,575,436</b>

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	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
<b>2021-</b>								
<b>Assets</b>								
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 fis 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
Intangible assets	-	-	-	-	-	-	55,630	55,630
Other assets	-	-	-	-	-	-	582,475	582,475
<b>Total Asset</b>	<b>487,038</b>	<b>323,541</b>	<b>899,794</b>	<b>419,593</b>	<b>1,137,806</b>	<b>5,991,523</b>	<b>4,008,112</b>	<b>13,267,407</b>
<b>Liabilities and Equity</b>								
<b>Liabilities-</b>								
Subscribers' contributions and rural fis 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
<b>Total liabilities</b>	<b>83,436</b>	<b>-</b>	<b>6,038</b>	<b>9,882</b>	<b>-</b>	<b>848,292</b>	<b>-</b>	<b>947,648</b>
<b>Equity-</b>								
<b>Social Security Corporation Equity:</b>								
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
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,275,808</b>	<b>12,275,808</b>
Non-controlling interests	-	-	-	-	-	-	43,951	43,951
<b>Total liabilities and equity</b>	<b>83,436</b>	<b>-</b>	<b>6,038</b>	<b>9,882</b>	<b>-</b>	<b>848,292</b>	<b>12,319,759</b>	<b>13,267,407</b>

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Sensitivity of interest prices were as follows:

<b>2022-</b>	<b>Up to one month</b>	<b>One to three months</b>	<b>Three to six months</b>	<b>More than six months up to a year</b>	<b>More than one year up to three years</b>	<b>More than three years</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>Assets</b>								
Cash and bank balances	31,906	-	-	-	-	-	-	31,906
Deposits at banks and financial institutions	688,002	409,036	275,615	385,497	-	-	-	1,758,150
Financial assets at fair value through profit or loss	-	-	-	-	-	-	146,126	146,126
Loans and granted debts	2,851	12,527	17,981	20,096	93,359	250,921	-	397,735
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,743,436	1,743,436
Investments in associates	-	-	-	-	-	-	518,134	518,134
Financial assets at amortized cost	-	169,101	185,037	118,352	1,303,388	6,093,813	-	7,869,691
Subscribers' contributions and rural files assets	-	-	-	-	-	202,041	-	202,041
Projects in progress	-	-	-	-	-	-	120,836	120,836
Inventories	-	-	-	-	-	-	36,349	36,349
Property and equipment	-	-	-	-	-	-	376,659	376,659
Investment properties	-	-	-	-	-	-	862,192	862,192
Investments in joint operations	-	-	-	-	-	-	15	15
Due from a related party	-	-	-	251	-	-	-	251
Intangible assets	-	-	-	-	-	-	69,629	69,629
Other assets	-	-	-	-	-	-	442,286	442,286
<b>Total Asset</b>	<b>722,759</b>	<b>590,664</b>	<b>478,633</b>	<b>524,196</b>	<b>1,396,747</b>	<b>6,546,775</b>	<b>4,315,662</b>	<b>14,575,436</b>
<b>Liabilities and equity</b>								
<b>Liabilities-</b>								
Subscribers' contributions and rural files liabilities	-	-	-	-	-	-	202,014	202,014
Electricity service subscribers' deposits	-	-	-	-	-	-	85,456	85,456
Advance payment from electricity subscribers	-	-	-	-	-	-	22,550	22,550
Due to National Electric Power Company	-	-	-	-	-	-	227,537	227,537
Bank loans	-	-	-	-	-	-	70,629	70,629
Income tax provision	-	-	-	-	-	-	10,034	10,034
End of service indemnity provision	-	-	-	-	-	-	22,333	22,333
Due to banks	-	-	-	-	-	-	40,355	40,355
Due to related parties	-	-	-	-	-	-	55	55
Other liabilities	-	-	-	-	-	-	202,187	202,187
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>883,177</b>	<b>883,177</b>
<b>Equity-</b>								
<b>Social Security Corporation Equity:</b>								
Social Security Corporation current account	-	-	-	-	-	-	6,972,968	6,972,968
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	84,910	84,910
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	577,896	577,896
Cash flow hedges reserve	-	-	-	-	-	-	4,469	4,469
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	5,966,777	5,966,777
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,638,832</b>	<b>13,638,832</b>
Non-controlling interests	-	-	-	-	-	-	53,427	53,427
<b>Total liabilities and equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,575</b>	<b>14,575,436</b>
Sensitivity variance	722,759	590,664	478,633	524,196	1,396,747	6,546,775	(10,259,774)	-
<b>Cumulative sensitivity variance</b>	<b>722,759</b>	<b>1,313,423</b>	<b>1,792,056</b>	<b>2,316,252</b>	<b>3,712,999</b>	<b>10,259,774</b>	<b>-</b>	<b>-</b>

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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
<b>Assets</b>								
Cash and bank balances	12,078	-	-	-	-	-	-	12,078
Deposits at banks and financial institutions	474,851	298,038	608,808	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	-	-	-	-	-	-	1,441,877	1,441,877
Investments in associates	-	-	-	-	-	-	482,480	482,480
Financial assets at amortized cost	-	14,999	277,916	155,880	1,052,507	5,573,659	-	7,074,861
Subscribers' contributions and rural file assets	-	-	-	-	-	201,928	-	201,928
Projects in progress	-	-	-	-	-	-	109,982	109,982
Inventories	-	-	-	-	-	-	25,723	25,723
Property and equipment	-	-	-	-	-	-	378,592	378,592
Investment properties	-	-	-	-	-	-	797,814	797,814
Investments in joint operations	-	-	-	-	-	-	15	15
Intangible assets	-	-	-	-	-	-	55,630	55,630
Other assets	-	-	-	-	-	-	582,475	582,475
<b>Total Asset</b>	<b>487,038</b>	<b>323,541</b>	<b>899,794</b>	<b>419,593</b>	<b>1,137,806</b>	<b>5,991,523</b>	<b>4,008,112</b>	<b>13,287,407</b>
<b>Liabilities and equity</b>								
<b>Liabilities-</b>								
Subscribers' contributions and rural file 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	-	38,529	-	48,411
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
<b>Total Liabilities</b>	<b>83,436</b>	<b>-</b>	<b>-</b>	<b>9,882</b>	<b>-</b>	<b>854,330</b>	<b>-</b>	<b>947,649</b>
<b>Equity-</b>								
<b>Social Security Corporation Equity:</b>								
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	-	-	-	-	-	-	(3,784)	(3,784)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	5,241,263	5,241,263
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,275,808</b>	<b>12,275,808</b>
Non-controlling interests	-	-	-	-	-	-	43,951	43,951
<b>Total liabilities and equity</b>	<b>83,436</b>	<b>-</b>	<b>-</b>	<b>9,882</b>	<b>-</b>	<b>854,330</b>	<b>12,319,759</b>	<b>13,287,407</b>
<b>Sensitivity variance</b>	<b>403,602</b>	<b>323,541</b>	<b>899,794</b>	<b>409,711</b>	<b>1,137,806</b>	<b>5,137,193</b>	<b>(8,311,647)</b>	<b>-</b>
<b>Cumulative sensitivity variance</b>	<b>403,602</b>	<b>727,143</b>	<b>1,626,937</b>	<b>2,036,648</b>	<b>3,174,454</b>	<b>8,311,647</b>	<b>-</b>	<b>-</b>

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**(40) SEGMENT INFORMATION**

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

	31 December 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
<b>Geographical region</b>				
Inside Jordan	14,503,619	888,173	13,170,351	947,648
Arab countries (note 5)	13,053	-	10,572	-
Europe (note 7)	58,763	-	86,484	-
	<u>14,575,435</u>	<u>888,173</u>	<u>13,267,407</u>	<u>947,648</u>

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

	31 December 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
<b>Economic sector</b>				
Investment	13,367,807	24,832	11,991,049	9,050
Hotels	119,013	5,369	117,736	5,345
Press and publishing	861,189	751,680	27,971	27,439
Energy	25,197	26,275	948,758	850,244
Trading	82,629	32,201	56,406	9,920
Other	119,600	42,816	125,487	45,650
	<u>14,575,435</u>	<u>883,173</u>	<u>13,267,407</u>	<u>947,648</u>

**(41) CONTINGENT LIABILITIES**

The contingent liabilities of the Group as of 31 December 2022 consist of the following:

- A. As at 31 December 2022, the outstanding letters of credit and letters of guarantee were JD 9,561 thousand (2021: JD 14,174 thousand).
- B. The expected remaining obligations to complete projects in progress for subsidiaries and Hotels owned by the Fund as at 31 December 2022 amounted to JD 242,202 thousand (2021: JD 263,421 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 eleventh 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	
	2022	2021
Less than 1 year	93	103
1 to 5 years	523	513
Over 5 years	27,941	29,419
	<u>28,557</u>	<u>30,035</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
<b>2022 -</b>				
<b>Financial assets:</b>				
Financial assets through profit or loss	146,126	-	-	146,126
Financial assets through other comprehensive income	1,695,979	-	47,457	1,743,436
	<u>1,842,105</u>	<u>-</u>	<u>47,457</u>	<u>1,889,562</u>
<b>2021 -</b>				
<b>Financial assets:</b>				
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>

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**(43) LITIGATIONS**

**Social Security Investment Fund**

There are lawsuits against the Fund with an approximate amount of JD 1,104 as at 31 December 2022 (31 December 2021: JD 1,004). The Fund recorded a provision for contingent liabilities against these lawsuits, amounting to JD 1,024.

**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 as at 31 December 2022 (31 December 2021: JD 5,470).

**Jordanian Duty Free Shops – Subsidiary**

- a. There are labor lawsuits raised against Jordanian Duty Free Shops Company with an amount of JD 234 (31 December 2021: JD 17). 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 145 (31 December 2021: JD 455). Management and legal counsel believe that the existing provision is sufficient against these lawsuits. A final decision was issued in the case, and accordingly the full amount was paid during January 2022.

**National Company for Tourism Development – Subsidiary**

There are no cases filed against the company as at 31 December 2022 (2021: JD 15).

**Kingdom Electricity Company for Energy Investments – Subsidiary**

There are lawsuits against the Group related to its activities with a total amount of JD 1,115 as at 31 December 2022 (31 December 2021: JD 1,624). 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, 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 4 as at 31 December 2022 (31 December 2021: JD 8). 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 192 as at 31 December 2022 (31 December 2021: JD 157) 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 lawsuits raised against the resort as at 31 December 2022 by 27 thousand and there were no lawsuits raised against the resort as at 31 December 2021

**Crowne Plaza Hotel – Amman – Fully Owned Hotel**

There are lawsuits raised against the hotel amounting to JD 34 as at 31 December 2022 (31 December 2021: JD 66). 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 15 as at 31 December 2022 (31 December 2021: JD 73). 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>2022</u>	<u>2021</u>
Balance as at 1 January	6,038	5,466
Income tax expense for the year	11,810	7,002
Income tax deposits	(455)	(3)
Income tax paid	(7,359)	(6,427)
Balance as at 31 December	<u>10,034</u>	<u>6,038</u>

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

	<u>2022</u>	<u>2021</u>
Income tax expense for the year	11,810	7,002
Change in deferred tax assets	(577)	(449)
	<u>11,233</u>	<u>6,553</u>

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**Tax Position of the Group**

**Social Security Investment Fund**

The income tax provision for the year ended 31 December 2022 and 2021 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 2019 and 2021 within the legal period. The Income and Sales Tax Department did not review the Fund's accounting records until the date of these consolidated financial statements.

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

The Fund submitted its tax declarations for the years 2015 to 2018. The Income Tax Department estimated tax differences in a total of 607 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.

**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 2021 and 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 2020. The Company submitted its tax declarations for the years 2021. 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 2020. The Company submitted its tax declarations for the year 2021 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 deceleration for the years 2021, 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 2022 and 31 December 2021 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 2021, 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 2022. 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 2017, 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's exemption from income tax on its activity has been renewed for a period of six years from the date of renewal of the exclusivity agreement signed on 1 May 2022, and the year 2022 is considered the year of the first year of exemption.

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 2019.

An amount of JD 269,689 was estimated as tax claim for the years 2008, 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. This case was decided by the end of 2022, as the company had to pay an amount of 145,277 dinars, which was paid in full during January 2023.

The Group submitted the tax return for the years ending 31 December 2021 and 2020 within the legal deadline, and the Income Tax Department did not audit the tax return for these years until the date of the 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 30 June 2019.

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**National Company for Touristic Development - Subsidiary**

The Company has submitted its self-assessment statements for the years 2019, 2020 and 2021, and has not received a final clearance as of the date of these consolidated financial statements.

The Company has not calculated the income tax provision for the Company's branch in Amman due to the increase in taxable expenses and taxable accumulated losses over taxable revenues for the year ended 31 December 2022 (2021: Taxable expenses exceeded taxable revenues) in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

**AI-Daman for Investments Public Shareholding Company – Subsidiary**

Income tax for the years ended 31 December 2022 and 2021 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.

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 2020, the Company has submitted its tax declaration for the years 2021 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 2021, 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.

The Income and Sales Tax Department in the Aqaba Economic Zone has issued a claim for deductions related to professional fees, which are deductions that were imposed on unpaid amounts or transportation allowance expenses for engineers from the Social Security Corporation, and the company has appealed these claims and the case is still pending before the court.

**Rama for Investing and Saving Company – Subsidiary**

The income tax provision for the years ending 31 December 2022 and 31 December 2021 has been calculated according to Tax Law No. (34) of 2014 and its amendments. The Company's statutory income tax rate is 20% plus 1% due as national contribution tax.

The Company submitted its records for the year 2017 and 2021 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.

**AI-Daman for Development Zones – Subsidiary**

The Group has calculated its income tax provision for the years ended 31 December 2022 and 2021, in accordance with Income Tax Law No. (34) of 2014 and its amendments and in accordance with the Developing Investment Law No. (30) of 2014.

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The Group submitted its tax records up to the year 2021 and obtained a final tax clearance from the Income and Sales Tax Department for those years up to 2021.

**United Travelling Center – Subsidiary**

Income tax provision was not calculated for the years ended 31 December 2022 and 2021 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 2021 and the Company obtained final clearance up to 2021.

**(45) 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 2020, 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,
- That a 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,
- 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 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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

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**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.

**Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12**

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.