

THE INVESTMENT UNIT
SOCIAL SECURITY CORPORATION
(ESTABLISHED BY SPECIAL REGULATIONS)
AMMAN - JORDAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2003
TOGETHER WITH AUDITOR'S REPORT

THE INVESTMENT UNIT
SOCIAL SECURITY CORPORATION
(ESTABLISHED BY SPECIAL REGULATIONS)
AMMAN - JORDAN
DECEMBER 31, 2003

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Auditor's Report

AM/10284

To the Chairman and Board of Directors of
Social Security Corporation
Amman - Jordan

We have audited the accompanying balance sheet of the Investment Unit in the Social Security Corporation (established by special regulations) as of December 31, 2003 and the related statements of revenues and expenses, changes in Social Security Corporation's equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Investment Unit in the Social Security Corporation as of December 31, 2003 and its revenues and expenses and its cash flows for the year then ended in conformity with International Financial Reporting Standards.

Amman - Jordan
July 29, 2004

Saba & Co
Saba & Co.

THE INVESTMENT UNIT
SOCIAL SECURITY CORPORATION
(ESTABLISHED BY SPECIAL REGULATIONS)
AMMAN - JORDAN
BALANCE SHEET

		December 31,
	Notes	2003
<u>ASSETS</u>		JD
Cash and balances at Central Bank	4	65,504,708
Balances at banks and financial institutions	5	399,161,963
Deposits at banks and financial institutions	6	6,679,626
Loans - net	7	68,257,902
Available-for-sale financial assets	8	614,151,815
Held-to-maturity investments	9	580,407,453
Investments in associates	10	62,069,817
Investments in subsidiaries	11	22,214,337
Investment in wholly owned hotels and tourist rest houses	12	58,968,910
Investment in land and real estate-net	13	34,862,092
Due from subsidiaries	14	15,034,864
Fixed assets - net	15	1,222,514
Other assets	16	7,037,414
TOTAL ASSETS		<u><u>1,935,573,415</u></u>
 <u>LIABILITIES AND SOCIAL SECURITY CORPORATION'S EQUITY</u>		
<u>LIABILITIES</u>		
Hotels and tourist rest houses current account	17	12,480,187
Other liabilities	18	1,389,952
TOTAL LIABILITIES		<u><u>13,870,139</u></u>
 <u>SOCIAL SECURITY CORPORATION'S EQUITY</u>		
The Social Security Corporation's current account		1,665,718,045
Cumulative effect of adopting IAS No. (39)		50,196,369
Cumulative change in the fair value of available- for- sale financial securities	20	149,360,376
Excess of revenues over expenses for the year		56,428,486
Total Social Security Corporation's Equity		<u><u>1,921,703,276</u></u>
TOTAL LIABILITIES AND SOCIAL SECURITY CORPORATION'S EQUITY		<u><u>1,935,573,415</u></u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE STATEMENTS .

THE INVESTMENT UNIT
SOCIAL SECURITY CORPORATION
(ESTABLISHED BY SPECIAL REGULATIONS)
AMMAN - JORDAN
STATEMENT OF REVENUES AND EXPENSES

		For the Year Ended
		December 31,
	Notes	2003
		JD
Income from Investments:		
Interest income	21	40,225,773
Dividends income	22	17,915,400
Share from subsidiaries' and associates' profits	23	11,888,269
Net income from investment in land and real estate	24	348,546
Net (loss) from investment in hotels and rest houses	25	.(1,962,414)
Total Income from Investments		68,415,574
<u>Less:</u> Impairment in investments value	26	11,179,891
Other investment expenditures	27	197,092
Net Income from Investments		57,038,591
<u>Less:</u> General and administrative expenses	28	651,763
<u>Add:</u> Other income		41,658
Excess of Revenues Over Expenses		56,428,486

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
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THE INVESTMENT UNIT
SOCIAL SECURITY CORPORATION
(ESTABLISHED BY SPECIAL REGULATIONS)

AMMAN - JORDAN
STATEMENT OF CHANGES IN SOCIAL SECURITY CORPORATION'S EQUITY

	Social Security Corporation's Current Account	Cumulative Effect of Adopting IAS No. (39)	Cumulative Change in the Fair Value of Available-for-sale Financial Assets	Excess of Revenues over Expenses	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year after adjustment (Note 19)	1,605,743,225	53,653,990	(42,977,920)	-	1,616,419,295
Cash transferred during the year	59,100,000	-	-	-	59,100,000
Amounts realized from effect of adopting IAS (39) due to sold investments (Note 22)	-	(413,482)	-	-	(413,482)
Change in the fair value of available - for - sale financial securities	-	-	192,338,296	-	192,338,296
Amounts realized from the cumulative change of adopting IAS (39) - (Note 22)	-	(3,044,139)	-	-	(3,044,139)
Social Security Corporation's current account - credit	874,820	-	-	-	874,820
Excess of revenues over expenses for the year	-	-	-	56,428,486	56,428,486
Balance - End of the year	1,665,718,045	50,196,369	149,360,376	56,428,486	1,921,703,276

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE STATEMENTS .

SOCIAL SECURITY CORPORATION
(ESTABLISHED BY SPECIAL REGULATIONS)
AMMAN - JORDAN
STATEMENT OF CASH FLOWS

	For the Year Ended December 31, 2003 JD
CASH FLOWS FROM OPERATING ACTIVITIES:	
Excess of revenues over expenses	56,428,486
Adjustments:	
Depreciation and amortization	161,708
Impairment in investments value	11,179,891
Share from associates' and subsidiaries' profits	.(11,888,269)
Amounts realized from adopting IAS (39)	.(3,457,621)
Other provisions	115,233
Amounts realized from cumulative change in fair value	.(227,416)
Gains from sale of land and real state	.(263,387)
Interest in suspense	106,492
Gains from the valuation of financial derivatives	.(18,168)
Amortization of deferred grants	.(41,658)
Net Cash Flows from Operating Activities before Changes in Assets and Liabilities	52,095,291
Changes in Assets and Liabilities:	
Decrease in balances at banks and financial institutions	75,788,073
(Increase) decrease in loans	.(14,457,622)
(Increase) in due from subsidiaries	.(10,217,348)
Decrease in other assets	1,527,664
Increase in hotels and tourist rest houses current account	2,087,543
Increase in other liabilities	831,702
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>107,655,303</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
(Acquisition) of available-for- sale financial assets	.(16,993,908)
(Acquisition) of held-to-maturity investments	.(265,740,939)
Investments in associates	662,514
Investments in subsidiaries	2,381,104
Investments in hotels and rest houses	.(7,725,643)
(Acquisition) of investment in land and real estate	.(1,388,246)
(Acquisition) of fixed assets	.(281,072)
Net Cash Flows (used in) Investing Activities	<u>.(289,086,190)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Social Security Corporation's current account	51,804,143
Net Cash Flows from Financing Activities	<u>51,804,143</u>
Net (decrease) in cash and cash equivalents	.(129,626,744)
Cash and cash equivalents at the beginning of the year (Note 29)	594,293,415
Cash and cash Equivalents - End of the Year (Note 29)	<u>464,666,671</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE STATEMENTS .

THE INVESTMENT UNIT
SOCIAL SECURITY CORPORATION
(ESTABLISHED BY SPECIAL REGULATIONS)
AMMAN - JORDAN
NOTES TO FINANCIAL STATEMENTS

1. General

- a. The Investment Unit in the Social Security Corporation (SSC) was established in accordance with the SSC Funds Investment Regulations No. (111) for the year 2001 issued according to article (76) of the Social Security Law No. 19 for the year 2001. Moreover, January 1, 2003 has been considered the Unit's commencement of operations date. Accordingly, the related balances of the investments accounts and others as of that date have been transferred from the Corporation's records to those of the Unit according to the resolution of the Corporation's Board of Directors No. 1/2003 dated January 2, 2003.
- b. The objectives of the Unit are to manage the Corporation's investments. In order to achieve its objectives, the Unit undertakes management of the Corporation's investments portfolio through dealing in companies shares; establishing projects and participating in already established ones; buying and selling bonds, debentures, bills, and other securities; depositing cash at banks and financial institutions; participating in joint investment funds; lending and investing in land and real estate; etc.
- c. The total number of the Unit's employees was (34) as of December 31, 2003.
- d. The financial statements were approved by the Board of Directors in its meeting dated July 28, 2004.

2. Basis of Financial Statements Preparation:

- The financial statements are prepared in accordance with International Financial Reporting Standards and related interpretations.
- The financial statements are stated in Jordanian Dinar.

3. Significant Accounting Policies

a. Investments:

1. Available-for-sale financial assets are initially recognized at cost and remeasured to their fair values at year-end. Gains or losses resulting therefrom are taken to a separate account within the Social Security Corporation's equity, until the investments are sold, disposed of, determined to be impaired, at which time the cumulative gain or loss previously recognized in the Social Security Corporation's equity is included in the statement of revenues and expenses. Investments with no reliable market values are stated at cost less the impairment in their value on an individual basis.
2. Investments held to maturity are initially recognized at cost. Premiums and discounts are amortized on a regular basis from the date of purchase until the date of maturity according to the effective interest rate method. A provision for the decline in value is taken when it is evident that the investments can not be recovered in part or in full.
3. Investments in subsidiaries and associates are initially recorded at cost, and the carrying amount is revalued at year-end using the equity method according to the most recent financial statements issued by those subsidiaries and associates. The Unit's share of the associates' and subsidiaries' net income or loss is recognized in the statement of revenues and expenses.
4. Investments in land and real estate are stated at cost, net of accumulated depreciation. They are depreciated, except for land, following the straight-line method over their expected useful lives. Lands are stated at cost less the impairment in their value on an individual basis.
5. Investment in tourist hotels and rest houses wholly owned by the Social Security Corporation is stated at cost.
6. Gains or losses arising from the sale of financial securities are taken to the statement of revenues and expenses in the period in which the sale occurs.

b. Fair Value:

The fair value of financial assets held for trading is estimated at the closing price on Amman Stock Exchange. However, for an unlisted financial asset or an asset with no published quoted market price, fair value is estimated in comparison with the current market value of another instrument that is substantially the same or the present value of discounted cash flows expected to be received.

Investments the fair value of which cannot be reliably determined are stated at cost/ amortized cost. In case of any decline in their values, the difference is taken to the statement of revenues and expenses.

c. Provision for Staff Indemnity:

A provision for staff indemnity is taken in accordance with the Social Security Corporation's Regulations for Employees.

d. Fixed Assets:

- Fixed assets are stated at cost, net of accumulated depreciation, and are depreciated, except for land, according to the straight - line method at annual rates ranging from 2.5% to 33%.

e. Revenue Recognition:

Interest and commission are calculated on the accrual basis. However, interest on troubled loans is recorded in the interest and commission in suspense account while dividends are booked when received.

f. Foreign Currency Transactions:

- Foreign currency transactions are recorded in Jordanian Dinar at the exchange rates prevailing at the transaction date. Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar according to the average exchange rates published by the Central Bank of Jordan at year-end. Exchange gains and losses resulting therefrom are taken to the statement of revenues and expenses.
- Foreign currency forward contracts are recorded at cost and revalued according to the average exchange rates at year-end. Exchange gains and losses resulting therefrom are taken to the statement of revenues and expenses.

g. Impairment in Assets Value:

When the recoverable amount of an asset is less than its carrying value, the value of the asset is reduced to its recoverable value, and the impairment loss is taken to the statement of revenues and expenses.

h. Resale Agreements

Assets acquired at the same time of commitment to resell them in the predetermined future are not recognized in the financial statements due to lack of control over them. Moreover, payments related to these agreements are stated within "deposits at banks and financial institutions". Furthermore, the difference between the purchase price and resale price is treated as interest income due during the term of the agreement.

i. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and financial institutions with maturity of 3 months or less (including balances with the Central Bank of Jordan).

4. Cash and Balances at Central Bank

This item consists of the following:

	<u>December 31,</u> <u>2003</u>
	JD
Current accounts	8,278
Time and notice deposits	<u>65,496,430</u>
	<u>65,504,708</u>

5. Balances at Banks and Financial Institutions

- This item consists of the following:

	<u>December 31,</u> <u>2003</u>
	JD
Current accounts	3,435,168
Deposits maturing within 3 months or less	395,476,795
Certificates of deposits	<u>250,000</u>
	<u>399,161,963</u>

- Jordanian Dinar-denominated deposits maturing within three months or less bear interest at annual rates ranging from 2% to 3%.
- Deposits in foreign currencies (US dollars) amount to JD 7,090,000 and bear interest at an annual rate of 1.1 %.

6. Deposits at Banks and Financial Institutions

This item consists of the following:

	<u>December 31,</u> <u>2003</u> JD
Deposits against resale agreement *	5,929,626
Certificates of deposit	<u>750,000</u>
	<u>6,679,626</u>

* The resale agreement represents restricted deposits maturing on May 23, 2004 against the Water Authority bonds guaranteed by the Government with interest at an annual rate of 2.38% .

7. Loans - Net

This item consists of the following:

	<u>December 31,</u> <u>2003</u> JD
Government and public institutions	
loans guaranteed by the government	27,201,036
Syndicated loans *	19,570,667
Housing loans	14,017,561
Other loans *	<u>8,750,104</u>
	69,539,368
Less: Contingency provision **	<u>1,281,466</u>
	<u>68,257,902</u>

* These items include an amount of JD 1,040,437, representing total non-performing loans relating to companies under liquidation fully provided for under the contingency provision.

** The amount of JD 1,194,267 stated at the beginning of the year 2003 represents the amount transferred from the contingency provision stated in the books of the Social Security Corporation.

- Loans denominated in foreign currencies (US Dollars) amount to JD 4,254,000 as of December 31, 2003 and bear interest at a rate of 3.39%.
- Annual interest rates on loans granted in Jordanian Dinars range from 4.48% to 9%.
- Maturities of the installments of the granted loans range from one year to almost ten years, except for the government housing loan which matures over twenty years.
- Total installments maturing within one year amounted to JD 11,361,644.

- Total loans granted during the year 2003 amounted to JD 54,004,000 and the amounts withdrawn from total loans amounted to JD 29,933,695.

8. Available-for-Sale Financial Assets

This item consists of the following:

	<u>December 31,</u> <u>2003</u>
	JD
Listed on Amman Stock Exchange	598,756,473
Unlisted on Amman Stock Exchange	14,494,951
Investment Funds	900,374
Insolvent and under liquidation companies	17
	<u>614,151,815</u>

Available-for-sale financial assets are distributed over the following sectors:

	<u>December 31,</u> <u>2003</u>
<u>Sector</u>	JD
Banking	393,502,084
Insurance	3,006,681
Tourism and hotels	29,557,585
Investments and financial services	8,524,377
Specialized services	83,308,702
Mining	43,548,340
Construction and engineering	9,192,390
Petrochemical and petroleum industries	455,442
Pharmaceutical industries	24,462,095
Textile industries	6,711,315
Food manufacturing	500,726
Tobacco and paper manufacturing and others	10,481,704
Investment funds	900,374
	<u>614,151,815</u>

9. Held-to-Maturity Investments

This item consists of the following:

December 31.

2003

JD

- a. Government and public institutions bonds
guaranteed by the Government :

Jordanian treasury bills	144,402,239
Jordanian treasury bonds	314,034,450
Government development bonds	10,500,000
Public institutions debentures	<u>41,597,359</u>
	<u>510,534,048</u>

- b. Companies' bonds, debentures and others:

Bonds and debentures of private sector companies and public institutions	52,066,110
Foreign capital - protected notes *	<u>17,807,295</u>
	<u>69,873,405</u>
	<u>580,407,453</u>

- * This item represents amounts paid against the investment in foreign capital-protected notes, maturing after five years and deposited in the Corporation's advisory account at Arab Bank – Switzerland. The return thereon is determined based on indicators linked with the financial markets index in America, Europe, and Asia. The return is recognized on the maturity date.

- The maturities of held-to-maturity investments extend up to six years.
- The annual investment return on treasury bills amounted to 2 % while the annual interest rates on the rest of the held-to-maturity investments range from 4.25% to 10%. Moreover, the redemption period of the bonds portfolio is 3.41 years.

10. Investments in Associates

This item consists of the following:

- a. Listed companies' shares on Amman Stock Exchange :

Company	Number of Shares	Ownership Percentage %	Nature of Business	December 31, 2003	
				Value	Fair Value
				According to the Equity Method	JD
Jordan Press and Publishing / AD-Dustoor	750000	30.00	Specialized Services	2,072,749	4,852,500
Jordan Poultry Processing and Marketing	1500000	25.00	Food	1,516,936	1,305,000
Jordan Cement Factories	14130202	23.38	Construction and Engineering	31,256,568	76,303,091
Jordan Kuwait Bank	5310152	21.24	Banking	14,418,245	45,401,800
Jordan Petroleum Refinery	6469140	20.22	Chemical and Petrochemical	11,158,881	24,388,658
				<u>60,423,379</u>	<u>152,251,049</u>

b. Unlisted companies shares on Amman Stock Exchange :

Company	Number of Shares	Ownership Percentage	Nature of Business	December 31,
				2003 ID
Al-Salam Company for Industrial Development and Investment	700000	50.00	Investment	715,061
General Maintenance	150000	21.43	Specialized services	105,000
Arab Engineering Industries	5000000	35.27	Construction and Engineering	2,452,754
Jordan Magnesia	7000000	23.33	Mining	5,705,332
Jordanian Group for Technology	500000	35.71	Investment	275,533
Total Unlisted Companies Shares				9,253,680
Less: Impairment in associates value - Note (26)				<u>(7,607,242)</u>
				<u>1,646,438</u>
Total Investment in Associates				<u>62,069,817</u>

11. Investments in Subsidiaries

This item consists of the following:

December 31, 2003					
Company	Number of Shares	Ownership Percentage	Nature of Business	Value	Fair Value as
				According to the Equity Method	per Quoted Price on Amman Stock Exchange
	Share	%		JD	JD
a. Listed companies shares on Amman Stock Exchange:					
Jordan Press Foundation (Al-Rai)	2,490,022	55.33	Specialized services	9,700,202	42,330,374
Jordanian Duty Free Shops	2,829,668	56.59	Tourism	4,645,849	16,978,008
				14,346,051	59,308,382
b. Unlisted companies shares on Amman Stock Exchange:					
National Company for Tourism Development	2,000,000	100.00	Tourism	2,277,877	
Aqaba Company for Tourist Business	50,000	100.00	Tourism	52,618	
Rama Company for Investment and Saving	98,837	98.84	Investment	165,430	
Al -Daman for Investment	5,530,000	55.30	Investment	5,372,361	
				7,868,286	
Total Investments in Subsidiaries				22,214,337	

12. Investment in Wholly Owned Hotels and Tourist Rest Houses

This item consists of the following:

	<u>December 31,</u> <u>2003</u> JD
Cost of acquisition of the net assets of the Hotels and Tourist Rest Houses Corporation (Previously) from the Government of Hashemite Kingdome of Jordan	20,929,067
Expansion in hotels and tourist rest houses	17,476,649
Projects under construction *	<u>20,563,194</u>
	<u>58,968,910</u>

- * The details of projects under construction as of December 31, 2003 are as the following:

<u>Name of Project</u>	<u>Cost</u> JD
Aqaba Resort	8,470,777
Rama-(Amman Sham Palace)	7,579,972
Crowne Plaza – Amra	2,677,112
Dead Sea Resort	1,132,871
Tourist Village – Dead Sea	159,602
Madaba Inn Hotel	492,695
Other projects	<u>50,165</u>
	<u>20,563,194</u>

- The Unit finances expansions and projects under construction of the hotels and rest houses owned by the Corporation. The amounts are capitalized and stated within "Expansion on Hotels and Rest Houses" account upon operation or final delivery by contractors, whichever is nearer.

13. Investment in Land and Real Estate - Net
This item consists of the following:

	<u>December 31,</u> <u>2003</u>
	JD
Investment plots of land*	31,070,720
Investment buildings	4,507,254
Investment machinery and equipment	<u>396,228</u>
	35,974,202
<u>Less : Accumulated depreciation of</u> buildings, machinery, and equipment	<u>1,112,110</u>
	<u>34,862,092</u>

- * The fair value of investment plots of land amount to JD 51,852,699 as of December 31, 2003 on an aggregate basis-i.e. Over their book value by an amount of JD 20,781,979, whereas their fair value would be less by JD 591,663 if computed on an individual basis. The impairment loss has been taken to the statement of revenues and expenses (Note 26).

14. Due from Subsidiaries
This item consists of the following:

	<u>December 31,</u> <u>2003</u>
	JD
Aqaba Co. for Tourist Business	14,788,873
Rama Co. for Investment and Saving	<u>245,991</u>
	<u>15,034,864</u>

15. Fixed Assets - Net

This item consists of the following:

	Cost	Accumulated Depreciation	Net Book Value December 31, 2003	Annual Depreciation Rate
	JD	JD	JD	%
Land	<u>906,075</u>	<u>-</u>	<u>906,075</u>	-
Vehicles	89,796	9,957	79,839	15
Furniture	15,310	952	14,358	2.5-10
Machinery and equipment*	27,470	2,800	24,670	14
Computers*	115,866	20,986	94,880	15-20
Computer software *	<u>125,714</u>	<u>23,022</u>	<u>102,692</u>	33/33
	<u>374,156</u>	<u>57,717</u>	<u>316,439</u>	
	<u>1,280,231</u>	<u>57,717</u>	<u>1,222,514</u>	

* The above fixed assets include an amount of JD 219,575 representing the value of assets donated by the American Agency for Development (Amir Program). The contra amount is stated within other liabilities (deferred revenues). Moreover, the amount equivalent to the annual depreciation of the assets is transferred from the account contra to the other income account.

16. Other Assets

This item consists of the following:

	December 31, 2003 JD
Accrued interest from:	
Balances and deposits at banks	724,513
Held-to-maturity investments	3,903,819
Loans	2,212,290
Less: interest in suspense	<u>(106,492)</u>
Net Accrued Interest	6,734,130
Accrued rent	198,928
Prepaid expenses and other debit balances	<u>104,356</u>
	<u>7,037,414</u>

17. Hotels and Tourist Rest Houses Current Account

This item represents the balance of current account of the hotels and rest houses including the annual profit (loss) of hotels and rest houses.

18. Other Liabilities

This item consists of the following:

	<u>December 31,</u> <u>2003</u> JD
Unearned revenues received in advance	78,837
Accrued expenses	8,356
National Co. for Tourism Development (subsidiary)	10,870
Accounts payable	1,550
Retentions against construction in progress	269,694
Payments pending settlement	386,048
Income tax withholdings	99
Social security withholdings	4,404
Provision for staff end-service indemnity	28,034
Other provisions	167,918
Impairment provision for investment owned by a subsidiary	162,392
Other credit balances	93,833
Deferred income	<u>177,917</u>
	<u>1,389,952</u>

19. The Social Security Corporation's Current Account

- a. In accordance with the Corporation's Board of Directors' resolution No. 1/2003 dated January 2, 2003, the Corporation's investments have been transferred to the Unit at their stated book value during the year as follows:

	<u>December 31,</u> <u>2003</u>
	JD
Cash and balances at Central Bank	30,390,885
Balances at banks and financial institutions	563,902,530
Deposits at banks and financial institutions	82,467,699
Loans	55,081,746
Available-for-sale investments	407,410,789
Held-to-maturity investments	314,672,844
Investments in associates	62,199,061
Investments in subsidiaries	20,847,684
Investment in hotels and tourist rest houses – wholly owned	51,243,267
Investments in land and real state – net of depreciation	34,805,858
Due from subsidiaries	4,817,516
Fixed assets	51,426
Other debit balances	276,477
Accrued commissions and interest	8,376,925
	<u>1,636,544,707</u>
<u>Less: Liabilities transferred</u>	10,392,644
Hotels and tourist rest houses current account	1,194,267
Contingency provision	367,824
Other liabilities	<u>11,954,735</u>
	1,624,589,972
Net assets transferred	(53,653,990)
<u>(Less) add: Effect of adopting IAS No.(39)</u>	42,977,920
Cumulative change in fair value	<u>1,613,913,902</u>
Balance of Amounts Transferred During the Year 2003	<u><u><u>1,613,913,902</u></u></u>

- b. The movement on the Social Security Corporation's current account during the year 2003 has been as follows:

	JD
Balance transferred during the year 2003 (item a above)	1,613,913,902
Difference in the valuation of the investment in shares of the Jordan Petroleum Refinery Company – Associate *	(8,085,416)
Commission paid relating to the investment in the Jordan Petroleum Refinery Company – Associate Company	(85,261)
	<u>1,605,743,225</u>

- * This difference is the result of reclassifying the investment in Jordan Petroleum Refinery Co. from an available-for-sale investment to an investment in an associate as the Corporation owns a percentage exceeding 20% of its capital whether directly or through Rama Investment Co. (a subsidiary with 98% of its capital owned by the Corporation). The investment has been stated in the Corporation's consolidated financial statements for the year 2002 as an associate whereas the Corporation's unconsolidated financial statements for the same year stated the investment as an available-for-sale investment.

20. Cumulative Change in the Fair Value of Available-for-Sale Financial Securities

This amount represents the difference between the fair value of financial securities available for sale and their book value as of December 31, 2003.

The movement on this balance is as follows:

	For the Year 2003 <u>JD</u>
Balance transferred from the Social Security Corporation's records to the Unit at the beginning of the year (debit)	(42,977,920)
<u>Add</u> : Transferred to revenues related to Sales transactions	(226,816)
Change in the fair value during the year	<u>192,565,112</u>
Net change during the year	<u>192,338,296</u>
Ending balance	<u><u>149,360,376</u></u>

21. Interest Income

This item consists of the following:

	2003 <u>JD</u>
Interest earned from:	
Balances and deposits at Central Bank and banks and financial institutions	18,112,172
Held-to-maturity investments	17,529,189
Loans	<u>4,584,412</u>
	<u><u>40,225,773</u></u>

22. Dividends Income

This item consists of the following:

	2003 <u>JD</u>
Dividends income from available -for-sale investments	14,257,901
Amounts realized from effect of adopting IAS (39)	3,044,139
Income from disposal of companies shares *	595,192
Income from valuation of financial derivatives	<u>18,168</u>
	<u><u>17,915,400</u></u>

- * This item includes an amount of JD 413,482 realized from effect of adopting IAS (39) relating to the sale of available-for-sale financial investments during the year 2003.

23. Share from Subsidiaries' and Associates' Income

This item consists of the following:

	<u>2003</u>
	<u>JD</u>
Subsidiaries	3,747,757
Associates	<u>8,140,512</u>
	<u>11,888,269</u>

24. Net Income from Investment in Land and Real Estate

This item consists of the following:

	<u>2003</u>
	<u>JD</u>
Revenue :	
Rent of real estate and others	256,988
Maintenance and services	<u>52,301</u>
Total Revenue from Real Estate	<u>309,289</u>
Less : expenses :	
Expenses of real state	65,912
Depreciation of real estate, machinery, and equipment	97,661
Real estate tax	<u>60,557</u>
Total Real Estate Investment Expenses	<u>224,130</u>
Net income from real estate operations	85,159
Add: Gain from sale of land and real estate	<u>263,387</u>
Net Income from Investment in Land and Real Estate	<u>348,546</u>

25. Net (Loss) of Investment in Hotels and Rest Houses

This item consists of the following:

	Rooms	Food and Beverage	Telephone, Fax and Other	Rent of Stores and Rest Houses	Total For the Year 2003
	JD	JD	JD	JD	JD
Revenue	2,264,723	2,065,814	634,507	206,607	5,171,651
Direct cost	<u>500,528</u>	<u>1,437,593</u>	<u>408,155</u>	<u>-</u>	<u>2,346,276</u>
Gross Operating Income	<u>1,764,195</u>	<u>628,221</u>	<u>226,352</u>	<u>206,607</u>	<u>2,825,375</u>

Less: General Operating Expenses:

Maintenance and energy	911,550
Marketing and advertising	204,306
Management fees (Amra and Petra Crowne Plaza Hotels and Azraq Rest House)	95,310

Depreciation of fixed assets on:

Buildings	725,095
Appliances, machinery, equipment, furniture and other	<u>1,471,497</u>
Total General Operating Expenses	<u>3,407,758</u>
Net Operating (Loss)	(582,383)

Less: Interest on deposits

Non-operating income	12,918
Prior years' adjustments	27,441
Provision for doubtful debts returned to income	287,040
	30,700

Add: General and administrative expenses

Loss from disposal of fixed assets	1,445,377
	<u>292,753</u>

Net (Loss) of Investment in Hotels and Rest Houses	<u>(1,962,414)</u>
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26. Impairment in Investments

This item consists of the impairment occurred in the following :

	2003
	JD
Available –for – sale financial assets	2,818,594
Investment in associates (Note 10)	7,607,242
Land and real estate (Note 13)	591,663
Provision for impairment in the value of an investment owned by a subsidiary	<u>162,392</u>
	<u>11,179,891</u>

27. Other Investment Expenditures

This item consists of the following:

	<u>2003</u>
	JD
Provision for doubtful loans	87,199
Amortization of excess cost of the bonds held to maturity	6,330
Revenue stamps and subscriptions	29,261
Other	<u>74,302</u>
	<u>197,092</u>

28. General and Administrative Expenses

This item consists of the following:

	<u>2003</u>
	JD
Salaries and employees' benefits	340,908
Rent	84,000
Professional fees	16,535
Post and telecommunication	17,469
Transportation and travel expenses	10,029
Depreciation of fixed assets	57,717
Board of Directors' remuneration	21,600
Chairman and Board of Directors' remuneration	30,383
Provision for staff end-service indemnities	28,034
Printing and stationery	12,155
Other expenses	<u>32,933</u>
	<u>651,763</u>

29. Cash and Cash Equivalents

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

	<u>2003</u>
	<u>JD</u>
Cash and balances at the Central Bank	65,504,708
Balances at banks and financial institutions maturing within 3 months	<u>399,161,963</u>
	<u>464,666,671</u>

30. Financial Commitments

As of the balance sheet date, the Unit was financially committed for the following:

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
	<u>JD</u>	<u>JD</u>
Loans approved not disbursed	31,220,400	10,750,059
Commitments relating to projects under construction	20,608,641	20,800,000
Forward foreign currencies sale and purchase contracts	14,921,838	-

31. Risk Management

The Unit follows certain financial policies in managing its different risk exposures, in line with a specific strategy, and has a responsible committee for the management of the Unit's financial assets and liabilities. The committee monitors and controls risk exposures and performs the ultimate strategic allocation for all assets and liabilities, whether on- or off-balance sheet. These risks include interest rate risk, market risk, credit risk, liquidity risk, and foreign currency risk.

32. Income Tax

Income tax due on real estate investment proceed, such as rent, is settled by the Social Security Corporation.