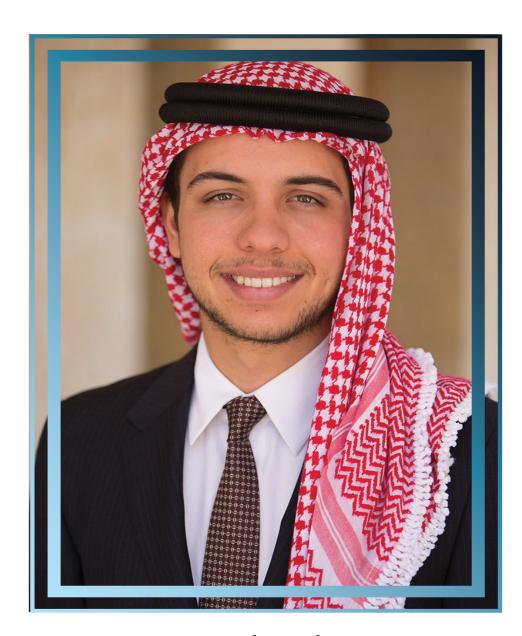


Your Majesty King Abdullah II Ibn Al Hussein



His Royal Highness Prince Hussein bin Abdullah II Crown Prince



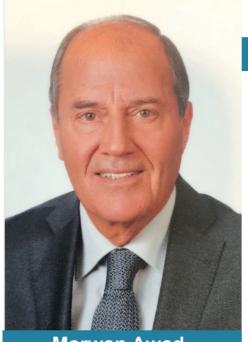
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Chairman of the Investment Board Massage

On behalf the Social Security Investment Board, it is with great pleasure that I place in your hands the annual report of the Social Security Investment Fund for the year 2017. This report includes a detailed progress report of the Fund, its functions, in addition to the Fund's standalone and consolidated financial statements for the year ending December 31, 2017.

First, it must be emphasized that the Social Security Corporation's funds are managed according to the best practices of the good governance, within strict controls, transparent procedures and well-considered and acceptable levels of risk. The Board of



Marwan Awad
Chairman of the Investment

Directors of the Social Security Corporation approves the investment policies that sets investment objectives, standards, mechanisms and limits of investments, approves the investment plan, approves the annual budget, and then acts as the Social Security Funds Investment Board that is responsible for making the investment decisions necessary to implement the investment policy and investment plan.

The Fund's performance reflects Jordan's economic realities, given the concentration of the Fund's investments in the Kingdom. The performance of the Investment Fund is therefore directly influenced by macroeconomic indicators: economic growth, interest rates, inflation rates, and the performance of the Amman Stock Exchange. Although 2017 was a continuation of the previous year in terms of economic performance indicators and regional and international circumstances, the Fund's performance was better than the previous year 2016, with the Fund's assets growing by 11% to reach JD 9.237.9 million by the end of 2017 compared to the previous year, and the Fund achieved a net profit of JD 359.7 million compared with JD 315.1 million for the previous year, up by 21.5%.

The Fund will continue to play its national role, make every effort to sustain and develop the savings of future generations, contribute to the growth of the national economy, and with commendable efforts, cooperation and coordination with the Board of Directors of the Social Security Corporation and our partners in the public and private sectors.

May God's peace and blessings be upon you

Executive Chairman Massage

The Social Security Investment Fund was established to be the specialized investment arm that manages the assets of the Social Security Corporation (SSC) in an efficient manner to maximize investment returns within acceptable risk levels, in accordance with international standards for investment in pension funds and International Financial Reporting Standards, and taking into account the parameters of the national economy. The Fund is governed by the best corporate governance standards in investment management in terms of management, responsibilities, and powers and decision-making mechanisms that serve the interests of the Social Security beneficiaries.

The Fund's achieved better results in 2017 compared to 2016. The Fund realized an income of JD 359.7 million as of 31/12/2017 compared to JD 315.1 million as of 31/12/2016, an increase of JD 44.6 million, representing 21.5%.



Suhair Abdul Rahman Al-Ali Executive Chairman of the Social Security Investment Fund

The comprehensive income amounted to JD 307 million as of 31/12/2017 compared to around JD 138 million as of 31 /12/2016. The Fund's assets amounted to JD 9.237.billion at the end of 2017 compared to JD 8.325 billion at the end of 2016 representing a growth of 11%.

The Fund's investments are distributed over a number of portfolios. The size of Money Market Instruments of the Fund's total portfolio in 2017 amounted to 10.8% compared to 10.6% at the end of 2016. Bonds portfolio amounted to 52.3% compared with 48.9%, the Loans portfolio amounted to 2.6% compared to 2.1%, Equity portfolio amounted to 23.2% compared to 26.3%, Real Estate portfolio amounted to 6.5% compared to 7.2% and the Tourism portfolio amounted to 2.8% compared to 3.1%. In August 2016, the Fund established a wholly owned company called Daman for Financial Leasing. The Fund allocated JD 400 million for the company to finance mega projects in vital sectors. The company is currently financing the Madona Customs Depot for JD 96 million and the Tafileh Hospital for JD 37 million. In 2016, the Fund allocated JD 20 million to finance a lending window that is managed by the Social Security Corporation. The loans granted by this window help SSC retirees develop their small businesses. The Fund raised the lending cap by another JD 20 million during 2017.

We at the SSIF are aware of the challenges facing us as the largest investment fund in Jordan. However, with the efforts of all employees and in cooperation with the Investment Board and the Board of Directors of the Social Security Corporation and all our partners, we reaffirm our continued resolve to do everything in our power to achieve the best possible results, and a bright future for our country under the leadership of His Majesty King Abdullah II Ibn Al Hussein, may God protect him.

May God's peace and blessings be upon you



The Social Security Investment Fund (SSIF) (formerly the Investment Unit) was established in 2001 to manage investment of the Social Security Corporation (SSC) funds with the objective of realizing meaningful and sustainable returns on SSC investments while maintaining the real value of the assets and providing the liquidity needed to meet the SSC's future obligations. The Fund started its operations in the beginning of 2003 after adoption of the investment strategies that govern its work. The Fund is subject to the provisions of the Social Security Law No. 1 of 2014, and its work is regulated in financial, technical and regulatory matters by bylaws and legislation, which are adopted by the Investment Board and the Board of Directors of the Social Security Corporation.

SSIF reviews its investment policy periodically in order to keep up-to-date with economic developments, seize investment opportunities, and maintain international best practices in the management of pension funds. These reviews focus on two key perspectives:

- First: To invest SSC funds in ways that realize the returns needed to meet future obligations towards subscribers under the social security umbrella within acceptable risk levels.
- Second: A national perspective in which SSC contributes to economically feasible investments that realize meaningful returns and enhance economic growth.

Strategic Core

>Vision:

We invest to secure generations' future

Mission:

Social Security Investment Fund was established to maximize the returns of Social Security Investment Fund in order to enable Social Security Corporation to fulfill its future obligations.

Core Values:

We Invest Responsibly:

- We are proud of our independence in making investment decisions.
- We adopt best practices and performance indicators.
- We adopt risk adjusted economic feasibility as the basis of our investment.

We Work Professionally:

- We are committed to integrity, objectivity, and the ability of our employees to make the right decisions.
- We cooperate on all levels to realize our mission and strategic objectives.
- We adhere to an environment conducive to outstanding performance and we continuously aim to develop our technical and professional capabilities.

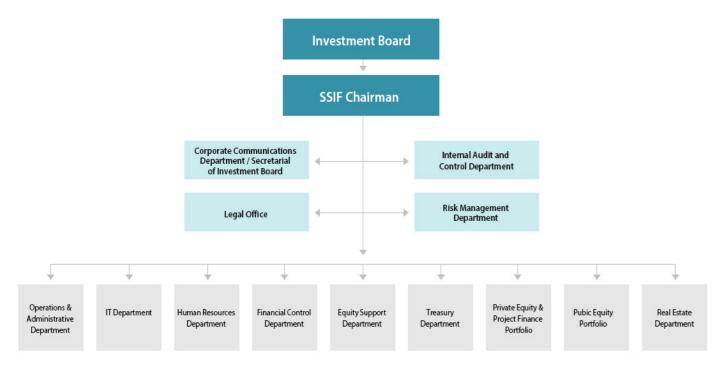
We believe in Organizational Governance:

- Our decisions are based on methodologies that reflect the utmost levels of transparency.
- Corporate social responsibility enhances the investment environment.
- We adopt an organizational framework and structure that ensures conformance with legislation and policies.

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Organizational Structure



The Fund has a comprehensive set of audit and control structure that governs its work processes at various levels; starting at the Social Security Corporation Board of Directors, the Social Security Investment Fund in accordance with the Social Security Law No. (1) for 2014 and the Social Security Investment Fund and Investment Bylaw No. (97) for 2014 and the regulations issued pursuant to them in addition to a number of internal and external audit parties.

Social Security Corporation Board of Directors:

The Social Security Law defines the duties and powers of the Social Security Corporation (SSC) Board of Directors that govern the investments of the Corporation that are managed by the Social Security Investment Fund (SSIF).

There are three committees emanating from the SSC Board: Control Committee, Good Governance Committee and Overall Risk Management Committee. These committees fulfill the duties that are defined by the Law and the related SSC Board resolutions.

The minutes of the Investment Board meetings in addition to its resolutions are on the agenda of the SSC Board monthly meetings for acknowledgement. The Fund also submits a monthly follow up report to the SSC Board on the actions taken by the Fund to execute the related SSC Board resolutions.

Social Security Investment Fund:

The Social Security Law defines the duties and powers of the Investment Board including supervising the executive management of the Fund.

There are three committees emanating from the Investment Board: Audit Committee, Investment Governance Committee, and Investment Risk Committee. These committees duties and powers are defined in the Social Security Investment Fund and Investment Board bylaw that is issued pursuant to the Social Security Law.

For governance purposes, the Fund's Chief is not a member in any of the committees emanating from the Investment Board.



Internal Control

There are a number of directorates and units that oversight the Fund's work according to the valid legislations: Risk Management and Strategic Planning Directorate that submits periodic reports to the Investment Risk Committee that emanates from the Investment Board, the Financial Control Directorate that submits periodic financial performance reports and the financial statements to the Investment Board, Internal Audit Unit that submits monthly reports to the Audit Committee that emanates from the Investment Board, Operations and Administrative Affaires Directorate that executes all the financial operations, opens accounts and issues payment orders as per the valid regulations. These directorates and units executes pre and post auditing as defined by the valid regulations.

Legislation

The Fund's work is governed by the Social Security Law, the Social Security Investment Fund and Investment Board Bylaw, the Financial Bylaw of the Social Security Corporation, the Procurement Bylaw of the Social Security Corporation, the Works Bylaw of the Social Security Corporation, Civil Service Bylaw in addition to all the legislations in force in the Kingdom. The Legal Affairs Unit in the Fund participates in drafting these regulations, bylaws and the polices that govern the Fund's work.

External Control

The Fund's work is governed by a control set that is exercised by a number of external parties as defined by the valid regulations: The Audit Bureau conducts post audit in addition to participating in some of the Fund's internal committees as an Observer, the External Auditor that is appointed by the SSC Board, and the Council of Ministers and the Parliament as the Fund submits periodic reports on its financial performance and investments.

Pursuant to the provisions of Article (14), Paragraph (A) of the Social Security Law No. (1) of 2014, there shall be formed at the Social Security Corporation (SSC) a board named the 'Social Security Investment Board', composed of the following members:

- The SSIF Chairman as Vice Chairman
- · The SSC Director General
- Two members selected by the SSC Board from among its members, one of them
 as a representative of workers and the second as a representative of employers.
 These members shall be people of experience, competence, and specialization in
 investment.
- Five experts and specialists appointed by the Council of Ministers based on the recommendation of SSC Board, provided that the Council of Ministers names one of them as Chairman of the Board.

In addition, the SSIF Chairman shall be appointed by a resolution of the Council of Ministers based on the recommendation of the SSC Chairman of the Board.

Duties of the Investment Board

Article (14), Paragraph (B) of the Social Security Law No. (1) of 2014 defines the functions and powers of the Investment Board as follows:

- 1. Develop the general investment policy and submit it to the SSC Board for approval.
- 2. Draw the overall investment plan of SSC funds and submit it to the SSC Board of Directors for ratification.
- Oversee the implementation of the SSC's investment policy, draw the plans and programs needed for this, and follow-up on the implementation of the policy.
- 4. Make the investment decisions necessary for implementing the SSC investment policy and overall investment plan in accordance with the provisions of the Social Security Law and regulations issued pursuant thereto.
- Make recommendations to the SSC Board of Directors to ratify the SSIF annual budget, detailing different areas of expenditure and allocations for each one of them.
- Submit periodic reports to the SSC Board on the SSIF's activities and performance.

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performance.



- statements, and submit them to the SSC Board of Directors for approval.
- Name the required committees for investment work in accordance with executive instructions.
- Draft SSIF executive instructions to ensure the realization of the SSC's objectives and submit them to the SSC Board of Directors.
- 10. Any other powers assigned or delegated to it by the SSC Board of Directors in accordance with the regulations and executive instructions issued pursuant to the Law.

Members of the SSIF Investment Board 2017 (1)

- · HE Mr. Marwan Awad, Non-Executive Chairman of the Investment Board
- HE Mrs. Suhair Al-Ali, Executive Chairman of SSIF, Vice Chairman of the Board
- HE Mrs. Nadia Al Rawabdeh, SSC Director General
- · HE Mr. Mazen Al Ma'aitah, Representative of Workers, Member
- · HE Mr. Alaa Eddine Diraniyeh Representative of Employers, Member
- HE Mr. Samir Murad, Member
- HE Dr. Tariq Al-Hammouri, Member
- · HE Mr. Ziad Al-Homsi, Member

Members of the SSIF Investment Board 2017⁽²⁾

- HE Mr. Marwan Awad, Non-Executive Chairman of the Investment Board
- HE Mrs. Suhair Al-Ali, Executive Chairman of SSIF, Vice Chairman of the Board
- HE Mrs. Nadia Al Rawabdeh, SSC Director General
- HE Mr. Hammam Al Ma'aitah, Representative of Workers, Member
- HE Mr. Mohammad Al Haj Hasan, Representative of Employers, Member
- Mr. "Shadi Ramzi" Al Majali, Member
- · HE Dr. Qais Mahafzah, Member
- · HE Eng. Sahl Dudin, Member
- · HE Mr. Riyadh AlTaweel, Member

Meetings of the SSIF Investment Board

The Board held 14 meetings during 2017.

Remunerations of the SSIF Investment Board

Pursuant to the provisions of Article (14), Paragraph (E) of the Social Security Law No. (1) of 2014, members of the Investment Board shall receive the following monthly remunerations:

Members of the Investment Board shall receive a monthly remuneration of JD 500, payment of which is linked to the member's attendance of the Board's monthly meetings.

As for the remuneration of the Non-Executive Chairman of the Investment Board, it shall be set by the Council of Ministers resolution based on the recommendation of the Chairman of the SSC Board of Directors. Based on that, the Non-Executive Chairman of the Investment Board shall receive a monthly remuneration of JD 3,500.

Committees of the SSIF Investment Board

1) The Audit Committee

A. Audit Committee Duties:

- Oversee the SSIF's financial and investment activities and audit its financial reports including its financial data before they are submitted to the Investment Fund.
- Review the Investment Fund's internal and external auditor's reports, follow-up on action taken regarding these reports, and submit their recommendations to the Investment Board.
- Submit the annual internal audit plan to the Investment Board for approval.
- Ensure the accuracy and soundness of accounting and auditing procedures and compliance with them.
- Ensure the SSIF's compliance with the laws, regulations, and instructions that govern its work.
- Exercise other powers vested in it by means of executive instructions issued in accordance with the provisions of this regulation.
- Any other tasks assigned to it by the Investment Board.

¹ Until 28/2/2017.

² The investment board was re-established during March 2019.



Name	Title
Mr.Ziad Al-Homsi	Chairman
Mr. Mazen Al Ma'aitah	Member
Mr. Alaa Eddine Diraniyeh	Member
Mr. Mohammad Madi	Committee's Secretary

C. Committee Meetings:

- The committee held 2 meetings during 2017.
- The Chairman and members of the committee receive a remuneration of JD 300 each per session, with a maximum of two sessions per month. The remuneration is linked to attendance of the committee meetings.
- The Committee's Secretary receives a monthly remuneration of JD 200.

D. Audit Committee Members⁽⁴⁾:

Name	Title	
Eng. Sahl Dudin	Chairman	
Mr. Mohammad Al Haj Hasan	Member	
Dr. Qais Mahafzah	Member	
Mr. Mohammad Madi	Committee's Secretary	

E. Committee Meetings:

- The committee held 10 meetings during 2017.
- The Chairman and members of the committee receive a remuneration of JD 300 each per session, with a maximum of two sessions per month. The remuneration is linked to attendance of the committee meetings.
- The Committee's Secretary receives a monthly remuneration of JD 200.

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A. Investment Governance Committee Duties:

- Recommend to the Good Governance Committee of the SSC Board created in accordance with the provisions of Article (17) of the Social Security Law No. (1) of 2014 to approve the investment governance policy and develop the principles and recommendations necessary for implementation of this policy.
- 2. Monitor the implementation of the code of conduct and report violations.
- 3. Ensure the existence of internal and external oversight and risk management systems, and the effectiveness and independence of these systems.
- 4. Ensure compliance with the rules and standards of good governance of the SSIF that are adopted by the Board.
- 5. Ensure the existence of a clear governance structure and effective instruments and responsibilities in investment decision making in terms of approvals, supervision of implementation, investment management and performance monitoring.
- 6. Ensure the existence of a system for investment decision making that defines the ceilings and powers of the parties concerned with decision making and their compliance with the decision making matrix.
- Recommend to the Investment Board the rules governing corporate representation on the boards of directors of shareholding companies, including assessment criteria of people nominated to represent the Corporation.
- 8. Ensure the sound implementation of the rules and criteria set for the SSC's representation on the boards of directors and managements of companies.
- 9. Ensure the independent custody of investment assets.
- 10. Ensure compliance by Investment Board members, SSIF personnel, and representatives of the Corporation on the boards of directors of shareholding companies with the conflict of interest policies in force and their commitment to disclose any form of conflict of interest, whether financial, commercial, functional, or professional.
- 11. Ensure compliance with the rules and standards of personal trading by SSIF staff.
- 12. Ensure compliance with the investment performance assessment and evaluation policy.
- 13. Ensure the existence of specific criteria for the qualifications and capabilities that must be met by the SSIF staff.
- 14. Ensure the effectiveness of the investment reporting systems and their content.

³ Until 28/2/2017

⁴ Audit Committee was re-established as of 18/4/2017



- instructions issued in accordance with this regulation.
- 16. Any other duties assigned to it by the Investment Board.
- B. Investment Governance Committee Members⁽⁵⁾:

Name	Title	
Dr. Tariq Al-Hammouri	Chairman	
Mrs. Nadia Al Rawabdeh	Member	
Mr.Ziad Al-Homsi	Member	
Mr. Jehad Al Shara	Committee's Secretary	

c. Investment Governance Committee Members⁽⁶⁾:

Name	Title
Mrs. Nadia Al Rawabdeh	Chairman
Dr. Qais Mahafzah	Member
Mr. Riyadh AlTaweel	Member
Mr. Jehad Al Shara	Committee's Secretary

D. Committee Meetings:

- The committee held 7 meetings during 2017.
- The Chairman and members of the committee receive a remuneration of JD 300 each per session, with a maximum of two sessions per month. The remuneration is linked to attendance of the committee meetings.
- The Committee's Secretary receives a monthly remuneration of JD 200.

- A. Investment Governance Committee Duties:
 - 1. Ensure the soundness of methodologies followed in risk assessment, analysis and management in accordance with international risk management standards.
 - 2. Ensure the existence of sound periodic reports to assess and analyze investment risks related to investment portfolios and ensure the optimal implementation of risk management.
 - 3. Monitor deviations from the risk management policy and recommend the necessary decisions regarding them.
 - 4. Study and review the Risk Management Department's reports and submit the necessary recommendations regarding them.
 - 5. Exercise any other authority vested in it under the provisions of this regulation, and the instructions issued pursuant thereto.
 - 6. Any other duties assigned to it by the Investment Board.

A. Investment Risk Committee Members⁽⁷⁾:

Name	Title	
Mr. Samir Murad	Chairman	
Mr. Alaa Eddine Diraniyeh	Member	
Mr. Tariq Al-Hammouri	Member	
Mr. Nidal Al Qubbaj	Committee's Secretary	

B. Committee Meetings:

⁷ Until 28/2/2017

- The committee held 8 meetings during 2017.
- The Chairman and members of the committee receive a remuneration of JD 300 each per session, with a maximum of two sessions per month. The remuneration is linked to attendance of the committee meetings.
- The Committee's Secretary receives a monthly remuneration of JD 200.

⁵ Until 28/2/2017

⁶ Investment Governance Committee was re-established as of 18/4/2017



C. Investment Risk Committee Members⁽⁸⁾:

Name	Title	
Mr. "Shadi Ramzi" Al Majali	Chairman	
Mr. Hammam Al Ma'aitah	Member	
Mr. Mohammad Al Haj Hasan	Member	
Mr. Nidal Al Qubbaj	Committee's Secretary	

D. Committee Meetings:

- The committee held 8 meetings during 2017.
- The Chairman and members of the committee receive a remuneration of JD 300 each per session, with a maximum of two sessions per month. The remuneration is linked to attendance of the committee meetings.
- The Committee's Secretary receives a monthly remuneration of JD 200.

At the end of 2017, the Fund's staff consisted of 104 employees, of whom 35 were women. Eleven positions in senior and middle management were held by women.

In spite of the challenges faced by the Fund since it came under the umbrella of the Civil Service Bureau (CSB) in 2012 in attracting investment specialists of high ability, and in attracting and retaining outstanding personnel, the Fund has spared no effort to maintain the high caliber of its staff and to limit turnover. Staff training and empowerment take place at all administrative levels. The Fund's staff in the specialized investment and technical departments hold post-graduate academic qualifications as well as professional certificates specialized in financial analysis, auditing, project management, risk management, Oracle certificates, and others.

Executive Management

Real Estate Department:

The department manages investments in real estate and management of SSIFowned real estate including land, commercial complexes and others.

Department Manager: Eng. Ahmad Malkawi.

Public Equity Department:

The department manages the Fund's investment in public companies traded in Amman Stock Exchange.

Department Manager: Mr. Emad Kodah.

Project Finance and Private Equity Department:

The department studies the investment opportunities in all sectors and infrastructure projects in addition to following up on the hospitality portfolio that is managed by the National Company of Tourism Development.

Department Acting Manager: Mr. Emad Kodah.



The department is in charge of managing the Fund's cash surpluses through investments in money market instruments, treasury bonds and bills. It also invests the surpluses in the capital market through granting direct loans and participating in syndicated loans in addition to financial leasing.

Department Manager: Mr. Issam Khateeb.

Financial Control Department:

The department prepares the Fund's financial statements in accordance with the international accounting standards, prepares budgets, monitors and analyzes deviations from the Fund's annual budget.

Department Acting Manager: Mrs. Manal Oreiqat.

Risk Management and Strategic Planning Department:

The department identifies types of investment and operational risks related to Fund's activities, assesses and manages these risks to achieve the targeted returns on each investment activity within acceptable risk levels.

Department Acting Manager: Nidal Qubbaj.

Equity Support Department:

The department follows up on the performance of SSIF's representatives on the board of directors of the public and private shareholding companies through a comprehensive management, monitoring, and direction to ensure implementation of the principles of good governance.

Department Manager: Mr. Jehad Al Shara.

The department verifies that the Fund's activities are compliant with the international financial reporting standards and the governing laws and regulations.

Department Manager: Mohammad Madi.

Human Resources Department:

The department addresses the Fund's needs of human resources, and training needs. Also it is in charge of enhancing the institution performances through monitoring the planes the planes implementation.

Department Manager: Mr. Khalid Al Dajah.

Operations and Administrative Department:

The department executes all financial operations, and opening accounts. It also manages the archive system in addition to the support services.

Department Manager: Saeed Shanan.

Information Technology Department:

The department is in charge of atomization all the operations and business continuity. It is also in charge of information security.

Department Manager: Dr. Ahmad Al Otoom.

Corporate Communications Department and Board Secretariat:

The department works to strengthen the Fund's position as a national strategic investor by strengthens a cooperative environment with partner. The Unit is the focal point with the press in addiction managing the communication channels of the Fund.

Department Acting Manager: Ms. Amani ELkayed.

Legal Office:

The Office provides the legal opinion, drafts, reviews the agreements, MOUs, and contracts. It also reviews the regulations that govern the Fund's work.

Head of Legal Office: Ms. Reem Abzakh



The Fund is keen to participate in social responsibility initiatives as they reflect its human face, the Fund therefore executed a number of initiatives throughout 2017.

Awareness Sessions:

- 1. Public Safely: The Fund organized a public safely first aid session in coordination with Civil Defense Directorate.
- **2. Cyber Security:** The Fund organized a workshop on the cyber security and the cyber protection tools.

Environment and Health:

- 1. Smoke Free Environment: The Fund launched a campaign to encourage smoke-free environment at its premises. This campaign included administrative circulars to ban smoking in the Fund's premises and an awareness workshop in coordinating with Al-Hussein Cancer Center on the negative impact of smoking on the smokers and their social circles and the diseases related to this bad habit.
- 2. Breast Cancer Early Detection: The Fund organized a campaign with Al-Hussein Cancer Center / Jordan Breast Cancer Program on the importance of breast Cancer early detection.
- **3. Blood Donation:** The Fund organized a blood donation campaign with Al-Hussein Cancer Center.

Institutional Excellence:

The Fund organized a workshop in coordination with King Abdullah II Center for Excellence to explore the institutional excellence best practices.

The speakers who represented of a number of institutions reviewed their success stories as they were previously awarded with King Abdullah II Award for Excellence and Government Transparency.

Corporate Governance:

The Fund organized a workshop for its representatives on the boards of directors on corporate governance principles. The workshop covered others topics such as the representatives duties on the board of directors, the reporting mechanism to the Fund and the assessment methodology on the representatives performance that the Fund conducts periodically.

Capacity Building

The Fund offers free training to university students as credit hour towards their graduation. The training helps students enrich their knowledge base and help them apply it through practical experience, it also supports the Fund's interaction with educational institutes.

Local community

- 1. School Bags Initiative: The Fund organized a donation campaign of school bags and essential stationary for students of less privileged families.
- 2. The Charity Clothing Bank: SSIF participates in the Charity Clothing Bank initiative launched by the Jordan Hashemite Charity Organization(JHCO), which is a project that aims to provide adequate clothing to Jordanian needy families. Clothes, toys, and similar items are collected in special box at the SSIF premises.
- **3. Orphans Care Association**: The Fund covered the maintenance cost of the Association's facilities and also organized an Iftar for the orphans.



• Investment Philosophy

The SSIF investment philosophy consists of managing the Social Security Corporation's assets in light of economic indicators, strategic directions, and the Fund's overall investment policy that is adopted by the SSC Board of Directors and whose implementation is overseen by the Social Security Investment Board. The fund aims to realize meaningful returns on investments within acceptable risk levels, maintain and raise the real value of SSC assets, provide liquidity to finance promising investment opportunities and any other obligations that may arise in the future and adopt best international standards of pension fund management. The Fund mitigates investment risks by diversifying its investment instruments according to strategic asset allocation, taking into consideration the national perspective in implementing its investment policy by investing in national megaprojects with meaningful returns that contribute to economic growth and job creation, particularly in sectors that enhance the added value of the national economy. Additionally, according to Article (9 – A) of the Investment Bylaw, the SSC Board of Directors may, on the recommendation of the Investment Board, permit the Fund to invest abroad, subject to approval by the Council of Ministers and based on controls approved by the SSC Board of Directors on the recommendation of the Investment Board and in coordination with the Central Bank of Jordan.

Pillars of the investment policy

1. Liquidity: the Social Security Investment Fund (SSIF) manages investments within variable liquidity levels and different maturity dates, to avoid a concentration of maturity dates for many investments. In doing so, the SSIF ensures the availability of cash flow necessary to finance the Social Security Corporation's (SSC) liabilities as soon as they become due according to the actuarial studies of the SSC defined in the Assets and Liabilities Committee reports, which are submitted to the Risk Committee of the SSC Board of Directors. The Investment Fund's assets are distributed in line with these liabilities in terms of due dates, to ensure that the SSIF is able to provide the required funding in time.

2. Diversity and Investment Allocation: SSC assets are invested in a variety of investment tools that include money market investment tools, bonds, stocks (public, private, and mutual funds), loans (including financial leasing loans), real estate, and tourism, in order to reduce the correlation between the portfolio's assets, which mitigates investment risks. It also ensures maintaining the true value of SSC assets. Attention must also be paid to geographical diversity (foreign investment) for these investments, if possible, after receiving the approval of the SSC Board of Directors on the

recommendation of the Investment Board, and subject to the approval by the Council of Ministers, as stipulated in the Social Security Investment Fund and the Investment Board Bylaw No. (97) for the year 2014.

- **3. Feasible national investment:** The Social Security Investment Fund gives priority to national investments that achieve the targeted revenues and which are consistent with its objectives.
- **4. Economic data and indicators:** Investment decisions are based on economic data and indicators reflected by the domestic and external economic reality. The SSIF avoids investing in instruments that are not consistent with economic reality and speculation.
- **5. Operational Risk Management :** The best procedures and rules are followed in implementing investment operations. Adequate oversight controls and parameters of operational risks are in place to ensure the investments are safe, separation of functions, and dealing through a custodian of high rating for investment tools that have a custodian.
- **6. Ethical standards:** no investments are made in areas restricted domestically or internationally, or investments that are incompatible with the general ethical standards or that do not take into account the public interest.



Objectives of investment

- 1. Compliance with the general investment policy and the general investment plan.
- 2. Maximize the assets' market value
- 3. Compliance with the targeted percentage of investment portfolios and the targeted range of investments
- 4. Distribute the maturity dates of the

Investment decision making mechanism

The Fund's decision making mechanism adopts good governance in making investment decisions. Each investment opportunity is studied separately to ensure that it is consistent with the Fund's overall investment objectives. Investment departments then discuss and present these investment opportunities to the Investment Committee, which submits its recommendations to the Investment Board to make the appropriate decision in light of the results of financial, technical, and legal studies of each investment opportunity within its powers and the overall framework of the investment policy which is adopted by the SSC Board of Directors.

The Investment Committee that is chaired by the Executive Chairman consists of four portfolio managers in addition to the Director of Risk Management and Strategic Planning Department as an Observer.

Risk Management

The Investment Fund sets the necessary policies for investment and operational risk management. These policies include control tools to define and mitigate these risks and define acceptable risk levels to ensure the efficiency of the Fund's operations at all levels.

The major types of investment risks that the Fund may face are: market risk, liquidity, credit, corporate risk and assets / liabilities management risks.

The Fund also defines the operational risks that it may face through self-assessment tests and creating operational losses database.



Jordan is still challenged by external environment. In addition, the repercussions of the political situation in the region, particularly in Syria and Iraq, and their consequences, are impacting the Jordanian economy as a small, open, emerging, and oil importing economy.

Jordan's economy registered high growth rates during the period (2000-2009) with an average of 6.5%. However, aftermath the crisis; the growth slashed remarkably, influenced by the uprising of security, economic, and political turmoil in the region; the growth rate fell sharply to reach a maximum of 3.1% at its best in 2014. In this context, international reports projected that Jordan's economy will continue to grow modestly. According to IMF's projections, Jordanian economy is supposed to grow during the period (2017-2019) at approximately 2.5% on average, however, based on the World Bank projections it is expected to grow by 2.3% during the same period. Notwithstanding prolonged implications of regional conflicts in Jordan's key sectors in particular tourism, exports, and investment, Jordan's economy maintains a relatively positive performance due to sound fiscal and monetary measures and policies that helped to mitigate the negative impact of these challenges, maintains a reasonable economic stability and high monetary stability, and stimulated positive economic growth rates and high levels of foreign reserves despite the continuous hiking in prices that is driven by the increase in world oil prices. Main economic indicators for 2017 compared to 2016 are listed below:

- 1- The real GDP grew by 2.0% in 2017 which is the same rate recorded in 2016.
- 2- The budget deficit as percent of GDP declined from 3.2% in 2016 to 2.6% in 2017.
- 3- The current account deficit as percent of GDP widened from 9.5% in 2016 to 10.6% in 2017.
- 4- Total domestic exports as percent of GDP were down from 16% in 2016 to 15.7% in 2017.
- 5- Imports as percent of GDP increased from 50% in 2016 to 50.9% in 2017.
- 6- Unlike the trend in 2016; inflation rate(measured by the consumer price index CPI) was up in 2017 and reached to 3.3%, driven mainly by higher oil prices in international markets which spilled over to domestic markets, alongside government measures concerning the abolishing of certain tax exemptions and subsidies on numerous commodities and services.

Regardless of the developments mentioned previously, there is a strong evidence that the performance of Jordanian economy in terms of productivity and per capita income growth rate was lower than its counterparties in other emerging markets even prior to those serve shocks which started since the onset of the global financial crisis. These challenges imply the need to future improving economic policies and embarking reforms

to promote entrepreneurship, investment and production, as well as aligning the public debt to a downward trend towards more sustainable levels.

Despite the developments that affected the region in particular and the world in general in last years, which severely impact the economic, political, and social conditions in different countries worldwide, particularly MENA countries which also reflected on increasing the challenges confronting Jordan.

However the prudent policies and measures of the government and the CBJ have helped to face the effects of these challenges, and, hence, helped to maintain economic, monetary, and financial stability in Jordan.



Summary of SSIF Financial Performance:

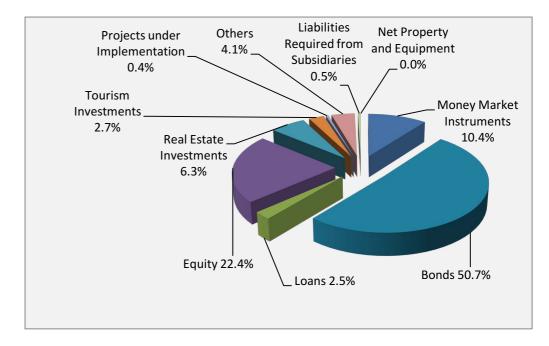
A. Assets Growth:

The Fund's total assets amounted to JD 9,237.9 million as of 31/12/2017 compared to 8,325.3 million as of 31/12/2016, an increase of JD 912.6 million representing 11%.

Table (1)¹: The Comparative Assets Allocation as of 31/12/2017

Assets	JD Million	Percentage
Money Market Instruments	962.8	10.4%
Portfolio		10.170
Bonds Portfolio	4,680.7	50.7%
Loans Portfolio	229.6	2.5%
Equity Portfolio	2,071.3	22.4%
Real Estate Investments Portfolio	581.1	6.3%
Tourism Investments Portfolio	250.3	2.7%
Projects under Implementation	40.8	0.4%
Other Assets	378.1	4.1%
Liabilities Required from	43.0	0.50/
Subsidiaries		0.5%
Net Property and Equipment	0.1	0.0%
Total SSIF assets	9,237.9	100%

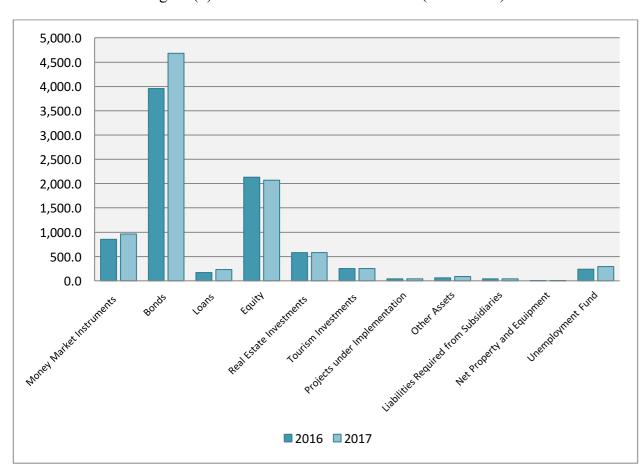
Figure (1): Distribution of SSIF Investment Portfolios as of 31/12/2017

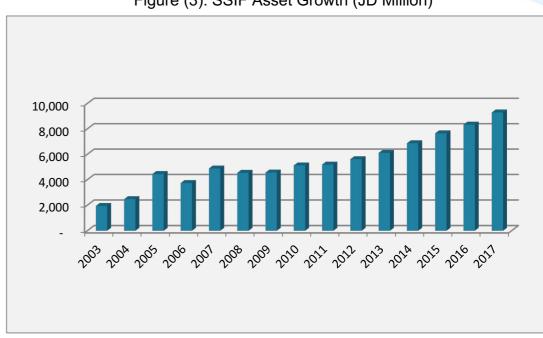


¹ This part of the financial analysis is based on the standalone financial statements of the Fund and therefore it doesn't reflect the effect of consolidation with the financial statements of hotels, rest houses and SSIF subsidiary companies.



Figure (2): Portfolios Growth 2016-2017 (JD Million)





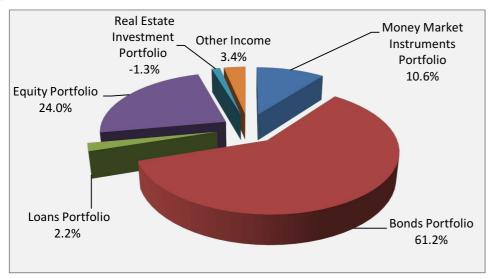
B. Investment Returns:

The Fund achieved net income of JD 359.7 million as of 31/12/2017 compared to JD 315.1 million as of 31/12/2016, an increase of JD 44.6 million or 21.5%.

Table (2): Income as of 31/12/2017

Item	JD Million	Percentage
Interest from Money Market Instruments Portfolio	38.7	10.6%
Bonds Portfolio Income	222.4	61.2%
Loans Portfolio Interest	7.8	2.2%
Equity Portfolio Income	87.3	24.0%
Real Estate Investment Portfolio Income	-4.8	-1.3%
Other Income	12.2	3.4%
Total	363.7	100%
Administrative and Investment Expenses	-3.9	
Net Income	359.7	





Investment Portfolios:

The investment portfolios of the Fund consist of six main portfolios as set by the general investment policy

- 1. Money Market Instruments Portfolio
- 2. Bonds Portfolio
- 3. Loans Portfolio
- 4. Equity Portfolio
- 5. Real Estate Investments Portfolio
- 6. Tourism Investments Portfolio

Table (3): Comparative Asset Allocation as of 31/12/2017

	31/12/2016		31/12/2017		Change from the start of the year	
Item	JD Million	Relative Weight	JD Million	Relative Weight	JD Million	Growth Rate
Money Market Instruments Portfolio	854.9	10.6%	962.8	10.8%	107.9	13%
Bonds Portfolio	3,957.3	48.9%	4,680.7	52.3%	723.4	18%
Loans Portfolio	168.0	2.1%	229.6	2.6%	61.6	37%
Equity Portfolio	2,131.1	26.3%	2,071.3	23.2%	-59.8	-3%
Real Estate Investments Portfolio	581.1	7.2%	581.1	6.5%	0.0	0%
Tourism Investments Portfolio	250.3	3.1%	250.3	2.8%	0.0	0%
Other	382.6		462.2		79.5	
Total SSIF Assets	8,325.3		9,237.9		912.6	11%

• It is worth mentioning that the relative weight of the investment portfolio was calculated as per the general investment policy that is approved by the Board of Directors of the Social Security Corporation resolution No. (85/2017) dated 27/2/2017 after excluding the assets of the unemployment fund.



Real Estate Investment Portfolio 6.5%

Equity Portfolio 2.8%

Equity Portfolio 23.2%

Bonds Portfolio 52.3%

2.6%

1. Money Market Instruments Portfolio:

The portfolio amounted to JD 962.8 million as of 31/12/2017, representing 10.8% of the Fund's total portfolio compared to JD 854.9 million as of 31/12/2016, an increase of JD 107.9 million or 12.6%.

Table (4): Money Market Instruments Portfolio Allocation as of 31/12/2017

Item	JD Million	Percentage
Current Accounts	0.5	0.1%
Time Deposits	962.3	99.9%
Total	962.8	100%

Figure (6): Money Market Instruments Portfolio Allocation as of 31/12/2017



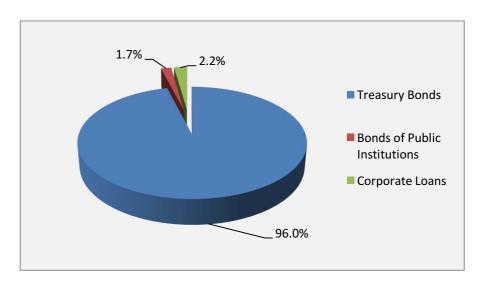
2. Bonds Portfolio:

The portfolio amounted to JD 4,680.7 million as of 31/12/2017, representing 52.3% of the Fund's total portfolio compared to JD 3,957.3 million as of 31/12/2016, an increase of JD 723.4 million or 18.3%.

Table (5): Bonds Portfolio Allocation as of 31/12/2017

Item	JD Million	Percentage
Treasury Bonds	4,495.5	96%
Bonds of Public Institutions	81.7	2%
Corporate Loans	103.5	2%
Total	4,680.7	100%

Figure (7): Bonds Portfolio Allocation as of 31/12/2017



3. Loans Portfolio:

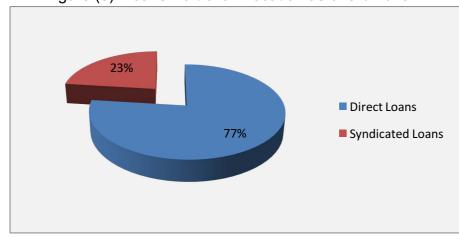
The portfolio amounted to JD 229.6 million as of 31/12/2017, representing 2.6% of the total Fund's portfolio compared to JD 168 million as of 31/12/2016, an increase of JD 61.6 million or 36.7%.



Table (6): Loans Portfolio Allocation as of 31/12/2017

Item	JD Million	Percentage
Direct Loans	176.7	77%
Syndicated Loans	53.0	23%
Total	229.6	100.0%

Figure (8): Loans Portfolio Allocation as of 31/12/2017



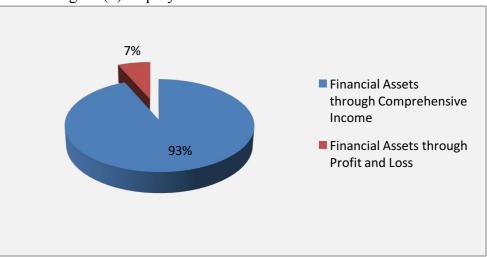
4. Equity Portfolio:

The portfolio amounted to JD 2,071.3 million as of 31/12/2017, representing 23.2% of the Fund's total portfolio compared to JD 2,131.1 million as of 31/12/2016, a decline of JD 59.8 million or -2.8%.

Table (7): The Accounting Classification of the Equity Portfolio as of 31/12/2017

Item	JD Million	Percentage
Financial Assets through Comprehensive Income	1935.5	93%
Financial Assets through Profit and Loss	135.8	7%
Total	2071.3	100%

Figure (9): Equity Portfolio Allocation as of 31/12/2017



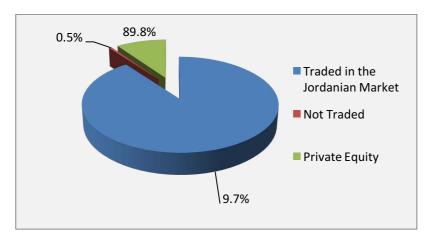
• Strategic Equity Portfolio through Comprehensive Income: The portfolio's components that include the subsidiaries and investment funds amounted to JD 1,935.5 million as of 31/12/2017, representing 21.6% of the Fund's total portfolio, compared to JD 1,997.2 million as of 31/12/2016, a decline of JD 61.7 million or -1.3%.

Table (8): The Accounting Classification of the Strategic Equity Portfolio through Comprehensive Income as of 31/12/2017

Item	JD Million	Percentage
Traded in the Jordanian Market	1,859.6	89.8%
Not Traded	10.7	0.5%
Private Equity	201	9.7%
Total	2,071.3	100%



Comprehensive Income as of 31/12/2017



• Equity Portfolio at Fair Value through Profit and Losses: The portfolio's market value in Amman Stock Exchange amounted to JD 135.8 million as of 31/12/2017, representing 1.5% of the Fund's total portfolio, compared to JD 133.9 million as of 31/12/2016, an increase of JD 1.9 million or 1.4%.

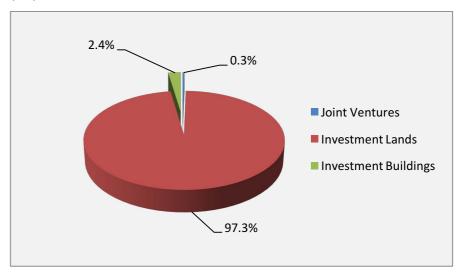
5. Real Estate Investments Portfolio:

The portfolio amounted to JD 581.1 million as of 31/12/2017, representing 6.6% of the Fund's total portfolio compared to JD 581.1 million as of 31/12/2016.

Table (9): Real Estate Investments Portfolio Allocation as of 31/12/2017

Item	JD Million	Percentage
Joint Ventures	2	0.3%
Investment Lands	565.3	97.3%
Investment Buildings	13.8	2.4%
Total	581.1	100%

Figure (11): Real Estate Investments Portfolio Allocation as of 31/12/2017



6. Tourism Investments Portfolio:

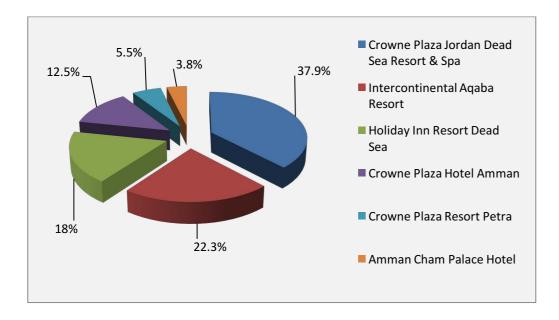
The portfolio amounted to JD 250.3 million as of 31/12/2017, representing 2.9% of the Fund's total portfolio compared to JD 250.3 million as of 31/12/2016.

Table (10): Tourism Investments Portfolio Allocation as of 31/12/2017

Item	JD Million	Percentage
Amman Cham Palace Hotel	9.5	3.8%
Crowne Plaza Hotel Amman	31.3	12.5%
Crowne Plaza Jordan Dead Sea Resort &	94.9	37.9%
Spa		
Crowne Plaza Resort Petra	13.7	5.5%
Holiday Inn Resort Dead Sea	45.2	18%
Intercontinental Aqaba Resort	55.7	22.3%
Total	250.3	100%



Figure (12): Tourism Investments Portfolio Allocation as of 31/12/2017





SOCIAL SECURITY CORPORATION -

SOCIAL SECURITY INVESTMENT FUND

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017



	Notes	2017	2016
Assets -			
Cash and bank balances	3	16,700	120,188
Deposits at banks and financial institutions	4	1,034,103	822,713
Financial assets at fair value through statement of revenues and expenses	5	135,770	133,926
Loans and granted debts	6	144,333	114,739
Financial asset at fair value through other comprehensive income	7	1,383,910	1,456,472
Investments in associates	8	490,641	458,884
Financial assets at amortized cost	9	4,969,768	4,184,238
Subscribers' contribution and rural fils assets	10	179,705	173,969
Projects in progress	11	94,255	89,991
Inventory	12	30,553	33,083
Property and equipments	13	343,194	330,506
Investment properties	14	628,431	637,659
Investments in joint operations	15	2,001	2,001
Due from related parties	37	144	-
Intangible assets	16	66,787	69,861
Other assets	17	403,566	316,911
Total assets	-	9,923,861	8,945,141
Liabilities and Equity			
Liabilities-			
Subscribers' contributions and rural fils liabilities	10	179,705	173,969
Electricity service subscribers' deposits	18	60,134	54,575
Advance payments form electricity subscribers	19	23,534	18,676
Due to National Electric Power Company	20	256,594	190,244
Loans	21	65,400	65,213
Income tax provision	44	3,836	4,150
End of service indemnity provision	22	12,450	13,151
Due to banks	23	49,901	39,238
Other liabilities	24	117,724	112,475
Total liabilities	- -	769,278	671,691
Equity-			
Social Security Corporation equity-			
Social security corporation current account		5,244,673	4,686,968
Social security corporation current account – unemployment fund	27	293,029	236,114
Property and equipment revaluation reserve	25	31,812	31,812
Fair value reserve	26	271,177	335,371
Surplus of revenues over accumulated expenses	-	3,257,783	2,926,991
Total Social Security Corporation equity		9,098,474	8,217,256
	28	56,109	56,194
Non-Controlling interests	20	00,.00	
Non-Controlling interests Total Equity	20	9,154,583	8,273,450

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



SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2017 (IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2017	2016
Revenues -			
Hotels		34,636	34,036
Press and publication		12,234	16,379
Energy		559,317	548,607
Commercial		84,844	61,070
Others		2,220	1,803
Total revenues	•	693,251	661,895
Cost of revenues		(559,722)	(532,805)
Net operating revenues	29	133,529	129,090
Interest income	30	282,787	219,578
(Losses) gains of financial assets at fair value through			
statement of revenues and expenses	31	(170)	3,276
Group's share of associates' profit	8	14,626	21,244
(Losses) gains on investment properties	32	(16,363)	21,719
Cash dividends		63,985	55,763
Impairment losses of investments in associates	35	-	(53,936)
Other revenues	_	19,894	23,198
Net revenues		498,288	419,932
Expenses-			
General and administrative expenses	33	(67,659)	(67,510)
Energy and maintenance expenses		(8,103)	(7,944)
Selling and distribution expenses		(7,316)	(6,641)
Impairment losses on property and equipment		(323)	-
Depreciation of property and equipment	13	(30,511)	(30,889)
Amortization of intangible assets	16	(3,088)	(3,111)
Provision for doubtful debts	17	(295)	(1,151)
Provision for slow moving inventory	12	(917)	(551)
Finance and commissions expenses	34	(19,759)	(16,562)
Other expenses	_	(411)	(587)
Total expenses	_	(138, 382)	(134,946)
Surplus of revenues over expenses for the year before			
income tax		359,906	284,986
Income tax expense	44	(4,270)	(4,629)
Surplus of revenues over expenses for the year	-	355,636	280,357
Attributable to:			
Social Security Investment Fund		343,597	267,644
Non-Controlling interests	_	12,039	12,713
	_	355,636	280,357
	=		

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

(IN THOUSANDS OF JORDANIAN DINARS)

	Note	2017	2016
Surplus of revenues over expenses for the year		355,636	280,357
Add: other comprehensive income not to be reclassified to revenues and expenses in subsequent periods			
Change in financial assets at fair value through other comprehensive income Total comprehensive income for the year	26	(64,932)	(100,935) 179,422
Attributable to:			
Social Security Investment Fund		278,665	166,709
Non-Controlling interests		12,039	12,713
		290,704	179,422

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



SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

		Social Security	Property		Cumulative			
		Corporation	and		surplus of	Total Social		
	Social Security	current account	equipment	Fair	revenues over	Security	Non-	
	Corporation	- unemployment	revaluation	value	accumulated	Corporation	controlling	
	current account	fund	reserve	reserve	expenses	equity	interests	Total
2017-								
Balance at 1 January 2017	4,686,968	236,114	31,812	335,371	2,926,991	8,217,256	56,194	8,273,450
Surplus of revenues over expenses for the year	-	-	-	-	343,597	343,597	12,039	355,636
Change in financial assets at fair value through								
other comprehensive income	-	-	-	(64,932)	-	(64,932)	-	(64,932)
Realized loss on sale of financial assets at fair								
value through other comprehensive income	-	-	-	738	(738)	-	-	-
Cash transferred during the year, net	557,705	45,498	-	-	-	603,203	-	603,203
Unemployment funds share of the investment								
funds return	-	11,417	-	-	(11,417)	-	-	-
Capital increase expenses of a subsidiary	-	-	-	-	(70)	(70)	(53)	(123)
Net change in non-controlling interests	-	-	-	-	-	-	(11,596)	(11,596)
Prior years adjustments (note 28)	-	-	-	-	(580)	(580)	(475)	(1,055)
Balance at 31 December 2017	5,244,673	293,029	31,812	271,177	3,257,783	9,098,474	56,109	9,154,583
2016-								
Balance at 1 January 2016	4,173,560	184,951	31,812	447,026	2,657,342	7,494,691	54,554	7,549,245
Surplus of revenues over expenses for the year	-	-	-	-	267,644	267,644	12,713	280,357
Change in financial assets at fair value through								
other comprehensive income	-	-	-	(100,935)	-	(100,935)	-	(100,935)
Cash transferred during the year, net	513,408	42,448	-	-	-	555,856	-	555,856
Unemployment funds share of the investment							-	
funds return	-	8,715	-	-	(8,715)	-		-
Realized gains on sale of financial assets at fair								
value through other comprehensive income	-	-	-	(10,720)	10,720	-	-	-
Net change in non-controlling interests							(11,073)	(11,073)
Balance at 31 December 2016	4,686,968	236,114	31,812	335,371	2,926,991	8,217,256	56,194	8,273,450

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

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017 (IN THOUSANDS OF JORDANIAN DINARS)

(In Thousands of Jordanian Dinars)			
	Notes	2017	2016
Operating activities	110100		
Surplus of revenues over expenses for the year before income tax		359,906	284,986
Adjustments for-		,	,
Depreciation of property and equipment	13	30,511	30,889
Amortization of intangible assets	16	3,088	3,111
End of service indemnity provision	22	1,919	3,206
Profit from investment in associates	8	(14,626)	(21,244)
Impairment losses of investments in associates Provision for doubtful rents	32	496	53,936 177
Losses (gains) from revaluation of financial assets at fair value through revenues	31	400	.,,
and expenses	-	440	(3,256)
Realized gain on sale of financial assets at fair value through revenues	31		
and expenses	40	(270)	(41)
Provision for slow moving inventory Provision for doubtful accounts	12 17	917 295	551 1,151
Losses (gains) on investment property valuation at fair value	14,32	20.595	(20,627)
Gain on sale of investment property	11,02	(378)	-
Impairment losses of property and equipments		` 32 3	-
Gains on sale of property and equipments		(195)	(274)
Working capital changes-		// = 0:	
Deposits at Banks and financial institutions with maturity of more than 3 months		(173,655)	189,204
Financial assets at fair value through the statement of revenues and expenses Inventory		(2,014) 1,613	(4,755) (5.487)
Other assets		(86,950)	(24,732)
Related parties		(144)	9,288
Electricity service subscribers' deposits		5,559	5,762
Advance payments form electricity subscribers		4,858	646
Due to National Electric Power Company		66,350	17,033
Other liabilities		4,753	28
Net cash flows from operating activities before income tax and end of service			
indemnity fund paid		223,391	519,552
Income tax paid	44	(4,584)	(3,148)
Payment of end of service indemnity	22	(2,620)	(865)
Net cash flows from operating activities		216,187	515,539
Investing activities			
Financial assets at fair value through other comprehensive income		7,647	(113,957)
Purchase of financial assets at amortized cost		(1,232,479)	(1,869,263)
Maturity from financial assets at amortized cost Investment in associates	8	446,949 (32,393)	1,097,280 15,520
Dividends from associates	8	15,245	12.866
Investment properties	_	(8,315)	(25,471)
Property and equipment and projects in progress, net		(53,558)	(49,742)
Loans and granted debts	40	(29,594)	(9,317)
Intangible assets Proceeds from sale of property and equipment	16	(14)	(35)
· · · · · · · · · · · · · · · · · · ·		3,697	2,233
Investments in joint operations		(000 045)	(570)
Net cash flows used in investing activities		(882,815)	(940,456)
Financing activities			
Net of amounts transferred from Social Security Corporation		602,799	556,048
Loans Due to banks		187 10,663	(3,482) 4.449
Change in non-controlling interests		(11,596)	(11,073)
Capital increase expenses		(11,590)	(11,073)
Prior year adjustments		(1,055)	-
Net cash flows from financing activities		600,875	545,942
Net (decrease) increase in cash and cash equivalents		(65,753)	121,025
Cash and cash equivalents at 1 January		719,747	598,722
Cash and cash equivalents at 31 December	36	653,994	719,747
	30		



Notes to The Consolidated Financial Statements
31 December 2017

(In Thousands of Jordanian Dinars)

(1) GENERAL

Social Security Investment Fund was established in accordance with 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) For the year 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 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.
- 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 2017 have been approved by the Board of Investment on its meeting held on 26 July 2018.



(In Thousands of Jordanian Dinars)

(2) ACCOUNTING POLICIES

2-1) Basis Of Preparation

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

The consolidated financial statements have been prepared in accordance with historical cost convention, expect for the financial assets at fair value through statement of revenues and expenses, financial assets at fair value through other comprehensive income and investment properties which have been measured 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 2017** (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 2017. Following are the subsidiaries that have been included in the consolidated financial statements:

	Paid in capital Sector		Percent	ŭ
			2017	2016
			%	%
Jordan Press Foundation PLC/Al-Rai	10,000,000	Press and publication	54.93	54.93
Jordan Duty Free PLC*	7,500,000	Trading	57.09	57.09
Al-Daman for Investment PLC	10,000,000	Investments and leasing	61.4	61.4
Rama for Investments and saving LLC	560,000	Investments	100	100
National Company for Touristic Development LLC	2,050,000	Tourism	100	100
United Travelling Center LLC	4,600,000	Leasing	100	100
Daman for lease financing	100,000	Leasing	100	100
Daman for hotel transport services	100,000	Services	100	100
Daman for Zone Development private shareholding company**	40,000,000	Leasing	100	100
Daman for Energy Investments private shareholding company***	20,000,000	Energy distribution	100	100
Jordan Daman Company for International Operations****	100,000	Investment	100	100

- The Board Of Directors of Jordan Duty free PLC decided in its extraordinary meeting held on 21 December 2017 to increase its share capital from JD 7.5 million/share to JD 22.5 million/share by capitalizing JD 15 million/share from the retained earnings and voluntary reserve accounts. These were distributed as free shares to existing shareholders based on percentage of ownership. The Company obtained approval from the Companies Control Department on 27 December 2017 and the shares were subscribed on 12 January 2018. After the completion of the procedure and the approval of the Securities Authority. The number of shares owned by the Fund in Jordan Duty Free company become JD 12.7 million/share with an ownership percentage of 56.5%.
- The financial statements of Daman for Zone Development Private Shareholding Company include the following subsidiaries:

	Percentage of	Country of
	Ownership	Incorporation
Al-Mafraq Development Company	80%	Jordan
North Development Company	100%	Jordan

*** The financial statements of Daman for Energy Investments Private Shareholding Company include the following subsidiary:

	Percentage of	Country of
	Ownership	Incorporation
Kingdom Electricity for Energy Investments Private Shareholding Company	70%	Jordan

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

Percentage of	Country of	
Ownership	Incorporation	
100%	lordan	

Jordan Daman Company for International Operations

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(2-2) BASIS OF CONSOLIDATION (CONTINUED)

Following are the hotels and resorts that have been included in the consolidated financial statements and are fully owned by the Fund:

- 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, expect for the following:

- 1- Land owned by National Company for Touristic Development (fully owned) is stated at cost and presented as part of property and equipment. However, according to the accounting policies of the fund it is classified as part of investment properties at fair value and proper reconciliations are prepared in the Fund's consolidated financial statements.
- 2- Investment properties for AI Daman for Investments are presented at cost. However, it is 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 is exposed, or has the rights, to variable returns from its involvement with the subsidiaries, 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 it the current ability to direct the relevant activities of the
- 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.

When the Group owns less than a majority of the voting rights in an investee, in this case, the Corporation 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, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtain control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI 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.



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(In Thousands of Jordanian Dinars)

(2-2) BASIS OF CONSOLIDATION (CONTINUED)

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:

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

(2-3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements the year ended 31 December 2017 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2016 except that the Group has applied the following amandments starting 1 January 2017:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments has no impact on the Group's consolidated financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments has no impact on the Group's consolidated financial statements.

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial assets at amortized cost

Financial assets that the Group's management aims, according to its business model to hold the assets to collect their contractual cash flows and that the contractual terms of the financial asset give rise, on specified dates, to cash flows constituting solely principal and interest on the outstanding principal amounts.

Debt instruments meeting these criteria are initially measured at amortized cost plus transaction costs. Subsequently they are amortized using the effective interest rate method less allowance for impairment. 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 statement of revenues and expenses

These assets represent investments in the 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 revenues and expenses are initially measured at cost, 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 measured 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 at the consolidated statement of comprehensive income and in the statement of changes in equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings 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.

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(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans and granted debts

Provision for impairment of direct loans and granted debts is recognized when there is an objective event that has a negative impact on the estimated future cash flows of the facilities and that can be reliably estimated. The impairment is charged to the consolidated statement of revenues and expenses.

Interest and commissions on the non-performing and doubtful granted loans and debts are suspended.

Loans and the related provision for impairment are written off when collection procedures become ineffective according to the applicable regulations through deduction from the booked provision. The excess in the allowance of possible loan losses, if any, is transferred to consolidated statement of revenues and expenses, and cash recoveries of loans previously written off are credited to income.

Fair value

The Group evaluates 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. In the absence of a principal market, most advantageous market for the asset or liability is used.

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.

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



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

(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value (continued)

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 financial statements are categorised 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 assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Impairment loss is recognised in the consolidated statement of revenues and expenses.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. Such reversal is recognised in the consolidated statement of revenues and expenses.



(In Thousands of Jordanian Dinars)

(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued

Impairment testing procedures:

- Goodwill: goodwill is tested for impairment annually at least, or when circumstances indicate that the carrying value may be impaired. The impairment losses for goodwill cannot be recovered.
- Intangible assets with indefinite useful life: indefinite useful life intangible assets are tested for impairment annually at least, or when circumstances indicate that the carrying value may be impaired.

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), to write down the cost of property and equipment to their residual values over their estimated useful lives, when the assets become ready to use. Depreciation rates used are as follows

	%
Buildings	2-10
Furniture and fixtures	9-25
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 recognised in the consolidated statement of revenues and expenses.

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.



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(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill is initially measured at cost which represent 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 recognised 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 recognised 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, 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 recognised in the consolidated statement of revenues and expenses.

Investment properties are valued using assumptions that reflects the market prices using the average valuation amounts for five real estate experts after excluding the highest and lowest valuations.



(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

End of service indemnity provision

Provision for end of service indemnity is calculated for the period of service accrued on the basis of the last salary and allowances paid by the employee multiplied by the accumulated service period less periodic contributions paid by the Company to the Social Security corporation for the period of service up to the date of the consolidated financial statements.

Revenue and expense recognition

Revenues and expenses are recognized on an accrual basis, except for interest and commissions of nonperforming loans which are not recognized as revenue and are recorded as interest in suspense account.

Revenue and expenses are recognised computed based on an accrual basis, accrued time periods, the original amounts and the interest rates.

Dividend income is recognised when it is realized (declared and approved by the Shareholders' General Assembly).

Newspapers and magazines revenues are recognised when the sale process is completed by the distribution agents and invoices are issued to the agents.

Advertisement revenues are recognised when posted and the invoices are issued to the customer.

Printing revenues are recognised upon the delivery of publications and the issuance of invoices to the customer.

Hotels and rest houses revenues are recognised as follows:

Rooms revenues are recognised on an accrual basis.

Food and beverage and other departments revenues are recognised when the services is rendered.

Energy revenues are recognized when consumed by the customer and the invoice is issued.





(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales

Sales revenue is measured at fair value of the consideration received or receivable, excluding sales tax, when all of the following conditions are satisfied:

- The Group has transferred to the buyer all significant risks and rewards of ownership of the goods;
- The Group does not retain either continuing managerial involvement to the degree usually associated with ownership or effective control over the goods sold;
- The amount of revenue can be reliably measured;

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- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Recognition of financial assets

Purchases and sales of financial assets are recognised at the trade date (the date that 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, swaps 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 recognised in the consolidated statement of revenues and expenses.

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Repurchase and resale agreements

Assets sold with a corresponding commitment to repurchase them at a future date continue to be recognised in the consolidated financial statements as a result of the Group's continuous control over these assets and as the related risks and benefits 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 purchase price is recognised 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 recognised in the consolidated financial statements because the Group has no control over such assets and the related risks and benefits 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.



(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates

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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 equity method.

Under equity method, investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise 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 recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

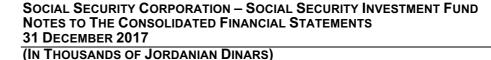
Inventory

Inventory is valued at the lower at 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

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- 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 the tax rates prescribed according to the prevailing laws, regulations
 and instructions of the Hashemite kingdom of Jordan. Social Security Corporation revenues is exempted
 from income tax by law except for the rental revenue, revenue of some hotels and foreign investment
 revenue.
- Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
- 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.



(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with central banks and balances with banks and financial institutions maturing within three months.

Subscribers' contributions assets and liabilities

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

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

Rural fils assets

This term represents the infrastructure assets used to connect the electricity Company to rural areas. It is recorded as non-current asset under the term "Rural fils 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. Amortization is calculated on a straight-line basis at annual rate of 4%. The amortization of assets and liabilities of rural files are offset, and accordingly has no impact on the consolidated statement of revenues and expenses.

Investment 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 according to the percentage of ownership.



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(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise 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 charged to the consolidated statement of revenues and expenses.

Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as equity securities) are recorded as part of the change in fair value.

(2-5) USE OF ESTIMATES

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.



(3) CASH AND BANK BALANCES

This item consists of the following:

	2017	2016
Cash on hand	380	456
Current accounts and demand deposits*	16,320_	119,732
	16,700	120,188

- * This item includes the amount of JD 8 thousand of current accounts related to the Unemployment Fund as at 31 December 2017 (31 December 2016: JD 6,405 thousand).
- Current accounts do not include balances with foreign banks and financial institution as at 31 December 2017 (31 December 2016: JD 5,000 thousand).
- There were no restricted balances as at 31 December 2017 and 2016.

(4) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	2017	2016
Deposits maturing within 3 months or less	637,294	599,559
Deposits maturing within 3 to 6 months	385,109	211,454
Deposits maturing within 6 to 12 months	11,700	11,700
	1,034,103	822,713

- Interest rates on Jordanian Dinar deposits range between 2.75% to 5.5% for the year ended at 31 December 2017 and from 1.35% to 5.75% for the year ended 31 at December 2016.
- There are no balances with foreign banks and financial institutions and there are no restricted balances as at 31 December 2017 and 2016.
- Deposits include an amount of JD 131 million. This amount represents deposits against the mortgage of government bonds for the benefit of the Fund held at Societe Generale Bank Jordan.



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(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF REVENUE AND EXPENSE

This item consists of the following:

Quoted shares:	2017	2016
Local Foreign	126,348 9,422	124,483 9,443
	135,770	133,926

(6) LOANS AND GRANTED DEBTS

This item consists of the following:

	2017	2016
Direct loans	91,368	59,830
Syndicated loans	55,125	54,597
Housing and other loans*	8_	1,072
	146,501	115,499
Impairment provision for loans and granted debts	(2,168)	(760)
Net loans and granted debts	144,333	114,739

During 2013, housing loans accounts were separated from the Fund's accounts in accordance with the Civil Service bylaws for the public sector. These amounts were presented in the consolidated financial statements within housing fund deposits included in other assets (Note 17).

Provision for impaired loans and granted debts

The movement details on provision for impaired loans and granted debts is as follows:

	2017	2016
Balance at the beginning of the year	760	808
Provision (recovery) for the year	1,410	(36)
Provision refund	(2)	(12)
Balance at the end of the year	2,168	760

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

			I he last installment	
	Balance	Interest rate	maturity date	Guarantees
	JD	%		
Direct loans	91,368	5.4 - 7.75	31 March 2024	Governmental, real estate, legal
Syndicated loans	55,125	2.08 - 10.75	18 October 2025	Governmental, pledge of shares, legal
Housing and other loans	8			Real estate
	146,501			

Non-performing loans and debts amounted to JD 2,168 thousand representing 1.5% of loans and granted debts as at 31 December 2017 compared to JD 760 thousand representing 0.6% of loans and granted debts at 31 December 2016. A provision was provided in full against the amount.

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

This item consists of the following:

	2017	2016
Financial Assets- Quoted Shares:		
Quoted shares – local	1,274,629	1,301,629
Quoted shares – foreign	43,316	65,522
	1,317,945	1,367,151
Financial Assets- Unquoted Shares:	54,327	70,365
Other financial assets:		
Investments in mutual fund – USD	11,638	18,956
Total financial assets at fair value through other comprehensive income	1,383,910	1,456,472

Quoted Financial Assets at fair value though other comprehensive income distributed according to sectors:

	Ratio	2017	Ratio	2016
	%		%	
Banking sector	79.6	1,049,345	77.5	1,060,656
Manufacturing sector	17.7	233,377	19.9	271,404
Services sector	2.5	32,720	2.4	32,336
Insurance sector	0.2	2,503	0.2	2,755
		1,317,945		1,367,151





(IN THOUSANDS OF JORDANIAN DINARS)

(8) INVESTMENTS IN ASSOCIATES

This item consists the following:

												2	017	20	16
						Balance									
						using equity									
						method at									
						the	Purchase/	Sale/	Cash	Share of		Balance using	Fair market	Balance using	Fair market
	Number of capital		Ownership		Last issued audited	beginning of	Capital	Capital	dividends	companies	Share of fair	equity method	value at year	equity method at	value at year
	shares	Ownership	percentage	Nature of business	financial statements	the year	increase	decrease	received	business results	value reserve	at year end	end	year end	end
Listed in Amman stock exchange			%												
Jordan Kuwait Bank	100,000,000	21,041,644	21	Banking	31 December 2017	95,637	-	-	(4,208)	5,672	421	97,522	73,646	95,637	82,904
Jordan Petroleum Refinery Co.	100,000,000	20,407,497	20.4	Petrochemical	31 December 2017	47,187	-	-	(4,085)	6,664	(93)	49,673	51,560	47,187	68,881
Jordan Cement Factories	60,444,460	13,207,226	21.85	Construction	31 December 2017	18,904	-	-	-	(7,534)	(2)	11,368	15,969	18,904	20,588
Jordan Telecommunication Co.	187,500,000	54,150,000	28.88	Telecommunication	31 December 2017	221,177		-	(5,198)	6,940		222,919	115,881	221,177	125,087
Jordan Worsted Mill Factories	15,000,000	3,004,000	20.03	Textiles	31 December 2017	13,069	-	-	(751)	682	(339)	12,661	10,080	13,069	11,910
East Company for Investments	16,000,000	4,183,178	26.03	Hotel services	31 December 2017	5,241	-	-	-	236	(4)	5,473	6,621	5,241	8,328
Jordan Electricity Company *	83,572,965	17,950,564	21.5	Energy	31 December 2017	39,791	270		(915)	1,697		40,843	31,751	39,791	40,144
						441,006	270		(15,157)	14,357	(17)	440,459	305,508	441,006	357,842
Unlisted in Amman stock															
exchange															
South Dead Sea Development Co.	17,000,000	5,100,000	30	Investment	31 December 2017	5,559	-	-	-	-	-	5,559	8,846	5,559	8,007
Electrical Equipment Industries co.	3,750,000	881,250	18.3	Manufacturing	31 December 2017	1,195	-	-	(88)	2	-	1,109	-	1,195	-
Al Zanpaq Company	167,000	50,100	30	Electricity generation	31 December 2017	2,010	-	(734)	-	78	-	1,354	-	2,010	-
Zahrat Al salam Company	167,000	50,100	30	Electricity generation	31 December 2017	2,018	-	(713)	-	67	-	1,372	-	2,018	-
Alward Aljoury Company	167,000	50,100	30	Electricity generation	31 December 2017	2,017		(204)	-	69		1,882		2,017	-
Jordan solar Company	167,000	30,000	30	Electricity generation	31 December 2017	5,079		(645)	-	189		4,623		5,079	-
Al-Zarqa station for electrical power															
generation Co.	50,000	20,000	40	Electricity generation	31 December 2017		34,419	<u> </u>		(136)		34,283			
						17,878	34,419	(2,296)	(88)	269		50,182	8,846	17,878	8,007
						458,884	34,689	(2,296)	(15,245)	14,626	(17)	490,641	314,354	458,884	365,849

^{*} The General Assembly of the shareholders of Jordan Electricity Company decided at its ordinary meeting held on 27 April 2017 to increase its share capital from JD 77.4 million/share to JD 83.5 million/share by capitalizing JD 6 million/share of retained earnings and distributing free shares to the shareholders of the Company. The Company received the approval of the Securities Authority on 14 May 2017. The issuance and distribution of free shares to shareholders commenced on 25 May 2017 after the completion of the legal procedures. The number of shares owned by social security investment fund in Jordan Electricity Company become JD 17.9 million/share as at 31 December 2017.

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

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

_	Jordan Kuwait Bank		
-	2017	2016	
Assets	2,832,207	2,739,985	
Liabilities	(2,363,796)	(2,274,811)	
Non-Controlling Interest	-	(5,482)	
Net Equity	468,411	459,692	
Percentage of ownership	21%	21%	
Net investment as of 31 December	97,522	95,637	
Net Interest revenues, commissions and foreign currency	110,783	107,561	
Losses on financial assets at fair value through the statement of income	620	(66)	
Cash dividends at fair value through other comprehensive income	866	1,097	
Provision for direct credit facilities impairment	(15,720)	(19,784)	
Employees expenditures	(26,548)	(25,454)	
Other revenues and expenses, Net	(43,045)	(33,348)	
Profit for the year	26,956	30,006	
Attributable to Bank's Shareholders	26,956	29,747	
Attributable to Non-Controlling interests	-	259	
Group's Share of results	5,672	6,259	



(In Thousands of Jordanian Dinars)

(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

	Jordan Petroleum Refinery		
	2017	2016	
Current assets	1,190,814	1,085,071	
Non-current assets	177,476	158,162	
Current liabilities	(1,103,281)	(997,769)	
Non-Current liabilities	(50,872)	(48,393)	
Non-Controlling interest	(9,678)	(4,812)	
Net equity	204,459	192,259	
Percentage of ownership	20.4%	20.4%	
Net investment as of 31 December	49,674	47,187	
Sales	1,778,258	1,762,068	
Cost of Sales	(1,588,941)	(1,520,676)	
Bank interests and commissions	(21,190)	(17,588)	
Selling and distribution expenses	(50,894)	(51,593)	
Profit settlement with the government- support	(81,194)	(155,040)	
Other revenues expenses, Net	(3,112)	16,895	
Profit for the year	32,927	34,066	
Attributable to the Company's share holders	32,655	33,749	
Attributable to Non-Controlling interests	272	317	
Group's share of profit	6,664	6,797	

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

	Jordan Cement Factory		
	2017	2016	
Current assets	78,611	65,236	
Non-Current assets	105,755	122,227	
Current liabilities	(100,908)	(72,408)	
Non-Current liabilities	(39,545)	(33,941)	
Non-Controlling interests	(6,303)	(7,747)	
Net equity	37,610	73,367	
Percentage of ownership	21.85%	21.85%	
Net investment as of 31 December	11,367	18,904	
Sales	82,890	91,547	
Cost of Sales	(72,410)	(74,425)	
Administrative expenses	(8,821)	(9,611)	
Selling and distribution expenses	(1,518)	(1,211)	
Finance cost	(2,354)	(2,024)	
Other revenues and expenses, Net	(31,116)	(5,988)	
Loss for the year	(33,329)	(1,712)	
Attributable to Company's shareholders	(34,482)	(4,251)	
Attributable to Non-Controlling interests	1,153	2,539	
Group's share of profit	(7,534)	(928)	



(In Thousands of Jordanian Dinars)

(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

	Jordan Telecommunication		
	Company		
	2017	2016	
Current assets	160,146	162,922	
Non-Current assets	492,801	461,307	
Current liabilities	(262,342)	(266,181)	
Non-Current liabilities	(116,360)	(89,834)	
Net equity	274,245	268,214	
Percentage of ownership	28.88%	28.88%	
Net investment as of 31 December	222,921	221,177	
Sale	333,192	344,061	
Cost of services	(158,829)	(167,283)	
Administrative expenses	(22,190)	(25,446)	
Selling and marketing expenses	(41,395)	(43,155)	
Financing income	896	1,210	
Other revenues and expenses, Net	(87,644)	(91,343)	
Profit for the year	24,030	18,044	
Group's share of profit	6,940	5,220	

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

	Jordan Worsted Mill Factory		
	2017	2016	
Current assets	15,704	17,267	
Non-Current assets	58,031	57,756	
Current liabilities	(1,878)	(1,345)	
Non-Current liabilities	(1,131)	(1,054)	
Non-Controlling interest	(4,985)	(4,893)	
Net equity	65,741	67,731	
Percentage of ownership	20.03%	20.03%	
Net investment as of 31 December	12,661	13,069	
Sales	8,358	7,271	
Cost of sales	(4,378)	(3,744)	
Administrative expenses	(1,624)	(1,779)	
Selling and marketing expenses	(84)	(80)	
Other revenue and expense, net	1,699	2,744	
Profit for the year	3,971	4,412	
Attributable to Company's shareholders	3,404	3,850	
Attributable to Non-Controlling interests	567	562	
Group's share of profit	682	770	



(In Thousands of Jordanian Dinars)

(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

	East Company for Investments Projects		
	2017	2016	
Current assets	3,606	5,235	
Non-Current assets	17,916	15,241	
Current liabilities	(821)	(668)	
Net equity	20,701	19,808	
Percentage of ownership	26.03%	26.03%	
Net investment as of 31 December	5,473	5,241	
Operating revenues	5,542	4,758	
Operating costs	(1,766)	(1,669)	
Administrative expenses, maintenance, marketing and deprecation	(2,855)	(2,538)	
Other revenues	186	147	
Profit for the year before tax	1,107	698	
Income tax expense	(218)	(133)	
Profit for the year	889	565	
Group's share of profit	236	140	

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

	Jordan Electricity Company		
	2017	2016	
Current assets	503,596	389,478	
Non-Current assets	566,610	538,703	
Current liabilities	(539,217)	(413,138)	
Non-Current liabilities	(412,624)	(400,432)	
Return to non-controlling interest	(113)	-	
Net equity	(118,252)	114,611	
Percentage of ownership	21.5%	21.3%	
Net investment as of 31 December	40,841	39,791	
Operating revenues	1,022,857	996,441	
Operating costs	(903,497)	(877,132)	
Administrative expenses, maintenance, marketing and deprecation	(101,588)	(94,949)	
Other revenues and expenses, net	(7,762)	(4,871)	
Profit for the year before tax	10,010	19,489	
Income tax expense	(2,117)	(6,755)	
Profit for the year	7,893	12,734	
Attributable to company's shareholders	7,902	12,734	
Attributable to non-controlling interest	(9)	-	
Group's share of profit	1,697	2,715	



(In Thousands of Jordanian Dinars)

(9) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	Average interest rates %	2017	2016
A- Government and public institution bonds			
guaranteed by government:			
Treasury bonds *	2.76 - 7.99	4,784,567	4,081,227
Public institution bonds	3.97 – 7.70	81,686	54,511
		4,866,253	4,135,738
B- Bonds, debts and other securities:			
Private companies bonds and debts	2.65 - 8.90	104,082	49,067
Provision for doubtful bonds		(567)	(567)
		103,515	48,500
		4,969,768	4,184,238

- * Treasury bonds consist of on amount of JD 289,111 thousand as of 31 December 2017, representing treasury bonds related to the unemployment fund (31 December 2016: JD 226,976 thousand).
- Financial assets at amortized cost have maturity dates ranging between 1 month and 15 years.

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

(10) SUBSCRIBERS CONTRIBUTION AND RURAL FILS ASSETS AND LIABILITIES

This item represents the infrastructure constructed by the subsidiaries of Al Daman for Energy Investment (Subsidiary) to connect customer's rural areas to electricity. The cost of infrastructures paid by Subscribers and Jordanian Rural Fills Fund Project and recognized as assets and liabilities in the consolidated statement of financial position. Movement on this account was as follows:

	2017	2016
Cost		
Balance at the beginning of the year	300,443	284,698
Transfer from projects in progress	18,276	15,745
Balance at the end of the year	318,719	300,443
	2017	2016
Accumulated amortization		
Balance at the beginning of the year	126,474	114,701
Amortization for the year*	12,540	11,773
Balance at the end of the year	139,014	126,474
Net book value at the end of the year	179,705	173,969

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

	2017	2016
Subscribers contribution liability	131,358	127,261
Rural fils liabilities	48,347	46,708
	179,705	173,969



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

(11) PROJECTS IN PROGRESS

This item consists of the following:

	2017	2016
Al-Mafraq project's land infrastructure cost*	27,588	27,441
Electricity connection projects **	21,018	17,285
Crowne Plaza Hotel – Dead Sea	964	1,602
Amra Crowne Plaza renovation – Amman	607	323
Crowne Plaza Resort renovation – Petra	952	859
Intercontinental Hotel renovation – Aqaba	362	113
Development of duty free stores***	1,149	2,479
Aqaba Touristic Beach Project****	32,123	32,123
Infrastructure costs for Irbid Projects*****	3,299	2,928
Amman Al-Sham	268	197
Other projects in progress	5,925	4,641
	94,255	89,991

- The Company has updated the estimated cost estimate for completion of the project by an engineering company on February 5, 2018. The total cost expected to complete the Mafraq project is approximately JD 143 million (2016: JD 180 million). The estimated cost per square meter developer is 78/12 dinar after the distribution of the estimated cost on the net land area 11.3 square kilometers. Construction is expected to be completed in 2030. The management believes that this estimate is reasonable and reflects the prices and the development cost of infrastructure for the years 2017 to 2019.
- ** This item represents the infrastructure projects for the delivery of electricity, which are in progress as at 31 December 2017. The cost of completion of the unfinished part of the projects under progress is estimated at JD 22,988 thousand as at 31 December 2017 (2016: 23.964).
- *** The total cost of completing the projects as of December 31, 2017 is estimated at approximately JD 14,787 thousand. These projects are expected to be completed during the year 2019.
- **** Estimated cost of completion of this project amounts to JD 32,123 thousand, which represents the value of the beach tourism project, and the decision of the Board of Investment to operate the beach by one of the global management companies in 2018.
- ***** Estimated cost of infrastructure is about JD 68 million as of 31 December 2017 and is expected to be completed in 2046, based on the study provided by the consulting company.



(In Thousands of Jordanian Dinars)

(12) INVENTORY

This item consists of the following:

· ·	2017	2016
Raw materials	2,325	3,371
Electricity tools, material and spare parts	15,061	16,717
Food and beverage	303	303
Kitchen tools	-	37
Supplies and operational tools	16	45
Finished goods	10,328	10,741
Goods in transit	69	162
Others	5,631	4,342
Provision for slow moving inventory	(3,180)	(2,635)
	30,553	33,083

Movements on the provision for slow moving inventory is as follows:

	2017	2016
Balance at the beginning of the year	2,635	3,391
Provision for the year	917	551
Recovered during the year	(212)	(78)
Inventory write off during the year	(160)	(1,229)
Balance at the end of the year	3,180	2,635



(In Thousands of Jordanian Dinars)

(13) PROPERTY AND EQUIPMENT

This item consists of the following:

	Land	Buildings	and fixtures	and equipment	Vehicles	Additions and improvements	Computers	Electromechanical equipment	Sanitary extensions	Others	Total
2047	Lanu	Dullulligs	IIXIUICS	equipilient	VEHILIES	improvements	Computers	equipinent	CYCHOIDIN	Ouleis	Tutal
2017- Cost:											
	16,854	163,175	46,659	309,505	16,235	6,553	18,264	46.178	11,536	7,810	642,769
Balance at the beginning of the year Additions	10,004	2,114	366	23,257	1,539	0,333	1,554	40,176	34	83	29,019
Disposal	-	(89)	(71)	(4,735)	(519)	-	(57)	(7)	(7)	00	(5,485)
Transfers from projects in progress	-	2,956	254	11,660	(313)	-	5,405	- (1)	(1)	-	20,275
Transferred to investment properties	(958)	(1,312)	204	11,000	-	-	3,403	-	•	-	(2,270)
Transierred to investment properties	(900)	(1,312)	<u> </u>								(2,210)
Balance at the end of the year	15,896	166,844	47,208	339,687	17,255	6,553	25,166	46,243	11,563	7,893	684,308
Accumulated depreciation and impairment:											
Balance at the beginning of the year	-	44,163	34,081	148,118	10,312	6,540	14,861	37,299	9,972	6,917	312,263
Depreciation for the year	-	3,615	2,425	17,350	1,478	7	1,530	3,039	848	219	30,511
Disposal	-	(8)	(39)	(1,416)	(461)	-	(45)	(7)	(7)	-	(1,983)
Impairment loss		323									323
Balance at the end of the year		48,093	36,467	164,052	11,329	6,547	16,346	40,331	10,813	7,136	341,114
Net book value as of 31 December 2017	15,896	118,751	10,741	175,635	5,926	6	8,820	5,912	750	757	343,194
2016-											
Cost:											
Balance at the beginning of the year	16,367	161,040	44,886	285,576	14,197	6,553	16,838	45,174	11,378	7,751	609,760
Additions	277	1,855	664	21,003	2,380	-	1,606	1,004	158	59	29,006
Disposal	-	(24)	(29)	(3,869)	(342)	-	(202)	-	-	-	(4,466)
Transfers from projects in progress	210	304	1,138	6,795			22				8,469
Balance at the end of the year	16,854	163,175	46,659	309,505	16,235	6,553	18,264	46,178	11,536	7,810	642,769
·											
Accumulated depreciation and impairment:											
Balance at the beginning of the year	_	40,737	30,819	133,771	9,149	6,533	13,615	33,536	8,957	6,216	283,333
Depreciation for the year	_	3,415	3,277	15,859	1,459	7	1,393	3,763	1,015	701	30,889
Disposal	-	11	(15)	(1,512)	(296)	-	(147)	-	-,	-	(1,959)
·		44,163	34,081	148,118	10,312	0.510		07.000	0.072		
Balance at the end of the year		44,103	34,001	140,118	10,312	6,540	14,861	37,299	9,972	6,917	312,263
Net book value as of 31 December 2016	16,854	119,012	12,578	161,387	5,923	13	3,403	8,879	1,564	893	330,506

Furniture Machinery

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017 (In Thousands of Jordanian Dinars)

(14) INVESTMENT PROPERTIES

This item consists of f the following:

	2017	2016
Land held for investment	602,765	614,517
Buildings held for investment and other purposes	21,822	19,405
Advanced payments to purchase investment properties	3,629	3,629
Others	215	108
	628,431	637,659
Movements on investment properties for the year were as follows:		
	2017	2016
Balance at the beginning of the year	637,659	591,753
Purchases of property investments	10,596	25,004
Sale of property investments	(1,903)	-
Transfer from social security corporation	404	(192)
Transfer of administrative fund building and land to investment properties	2,270	-
Transferred from projects in progress	-	467
(Losses) gains on valuation of investment properties at fair value (note 32)	(20,595)	20,627
Balance at the end of the year	628,431	637,659

(15) INVESTMENT IN JOINT OPERATIONS

This item represents investment in joint operations with the housing and urban development Corporation for the purpose of land. The housing and urban development corporation sold part of this land, however, ownership was not transferred to the buyers. Thus, amounts received were recognized as differed revenues, The Fund recognizes these amounts as revenues when ownership is transferred. Furthermore, the investments in joint operations is stated at cost as at 31 December 2017, the details of the projects were as follows:

	2017	2016
Al-Zaytuna project (1)*	1,004	1,004
Al-Zaytuna project (2)	997	997
	2,001	2,001

^{*} This project will be transferred to investment properties in 2018.





(16) INTANGIBLE ASSETS

(In Thousands of Jordanian Dinars)

2017-	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Total
Cost:						
Balance At the beginning of the year	8,000	39,397	8,258	4,136	28,014	87,805
Additions		14				14
Balance At the end of the year	8,000	39,411	8,258	4,136	28,014	87,819
Accumulated amortization:						
Balance At the beginning of the year	6,133	7,889	2,362	1,560	-	17,944
Amortization for the year	400	1,970	404	314		3,088
Balance at the end of the year	6,533	9,859	2,766	1,874		21,032
Net book value at the end of the year	1,467	29,552	5,492	2,262	28,014	66,787
	Exclusive		Right of	Right to use and		
2016-	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Total
2016- Cost:		Licenses**	•	•	Goodwill*****	Total
		Licenses** 39,397	•	•	Goodwill***** 28,014	Total 87,770
Cost:	right*		passing ***	operate ****		
Cost: Balance At the beginning of the year	right*		passing *** 8,224	operate **** 4,135		87,770
Cost: Balance At the beginning of the year Additions	8,000 -	39,397	passing *** 8,224 34	operate **** 4,135 1	28,014	87,770 35
Cost: Balance At the beginning of the year Additions Balance as at the end of the year	8,000 -	39,397	passing *** 8,224 34	operate **** 4,135 1	28,014	87,770 35
Cost: Balance At the beginning of the year Additions Balance as at the end of the year Accumulated amortization	8,000 - 8,000	39,397 - 39,397	9,224 34 8,258	operate **** 4,135 1 4,136	28,014	87,770 35 87,805
Cost: Balance At the beginning of the year Additions Balance as at the end of the year Accumulated amortization Balance At the beginning of the year	8,000 - 8,000 5,733	39,397 - 39,397 5,910	9,224 34 8,258	operate **** 4,135 1 4,136 1,246	28,014	87,770 35 87,805

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

- This item represents the total amount paid by Jordan Duty Free Company (a subsidiary) to the General Treasury in return for granting it the exclusive right to set up duty free markets at land crossings and seaports for a period of 10 years starting from 30 August 2001. The company shall pay 8% of its total sales as a service allowance for the General Treasury. During the year 2009, the Company extended the right to exclusivity agreement for an additional 10 years from 31 August 2011 to 30 August 2021 in return for payment of JD 4,000,000 and the obligation to pay 9% of the total monthly sales of the Free Zones Corporation The period of extension of the agreement except for sales of the Special Economic Zone Market subject to the Aqaba Special Economic Zone Law. As of January 1, 2017, the Company is committed to pay 10.5% of the total monthly sales of the Free Zones Corporation.
- The license item includes an amount of JD 39,411 thousand, representing the fair value of the electricity distribution licenses granted by the Energy and Minerals Regulatory Authority to the subsidiaries as at the date of the grants, which is amortized over the life of the license, which is 19 years.
- ** This item represents the amount of compensation paid by the Group to landowners for damage 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. From the beginning of 2014, the Group began to extinguish the right of passage over the life of the remaining license.



(In Thousands of Jordanian Dinars)

**** This item represents the amount of payments made by United Travelling Center LCC (a subsidiary) for the construction and development of the United Traveling Complex start-up infrastructure as intangible assets in accordance with IFRIC 12 Service Concession Arrangements the amounts paid represent the right (license) to use and operate a public facility for 20 years.

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

1- Goodwill resulting from acquisition of Electricity Distribution Company 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 Al Daman for Energy Investment Co. performed a goodwill impairment test as at 31 December 2017 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 2017 that was approved by the Board of Directors. Cash flows after the year 2017 was calculated using a growth rate of 5%. 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 13.40% and a growth rate of 3%, no impairment losses were recognized.

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 acquisition of Al Daman for Energy Investment Private Shareholding Company (previously, Jordan Dubai for Electricity Distribution Investment Company) by Social Security Investment Fund with a total amount of JD 22,743 Thousand in 2011, which represents the amount of the revaluation difference.

The Recoverable amount for Al Daman for Energy Investments was determined based on the recoverable amount for Kingdom Electricity Company (Subsidiary of Daman for Energy Investments) which was calculated based on the projected cash flow. This Company was identified as a cash – generating unit for the purpose of Goodwill impairment testing. The projected cash flows was performed using a 12.18% discount rate and a growth rate of 3.3%. Based on the impairment test results, no impairment losses was recognized as a result from the acquisition of Electricity Distribution Plc.



(In Thousands of Jordanian Dinars)

(17) OTHER ASSETS

This item consists of the following:

	2017	2016
Assessed assessment and interests	70.070	55.004
Accrued revenues and interests	79,276	55,624
Prepaid expenses and other current assets	20,567	20,431
Deferred tax assets	1,818	579
Trade receivables	310,791	248,617
Checks under collection	3,988	2,882
Housing fund deposits (Note 6)	3,096	3,321
Others	2,115	3,247
Provision for doubtful debts trade receivable and other receivables	(18,085)	(17,790)
	403,566	316,911
Movements on the provision for doubtful debts is as follows:		
	2017	2016
Balance at the beginning of the year	17,790	16,639
Provision for the year	295	1,151
	18,085	17,790

The balance of the allowance for doubtful debts was JD 18,085 thousand as at 31 December 2017 and was JD 17,790 thousand as at 31 December 2016.

As at 31 December, the aging of unimpaired trade receivables is as follows:

		Past d	lue but not im	paired		
	1 – 30	31 – 60	61 – 90	91 – 120	More than	
	days	days	days	days	120 days	Total
2017	99,234	2,186	726	14,983	175,577	292,706
2016	81,530	257	26,865	13,899	108,276	230,827

Management of the Group expects unimpaired receivables to be collected in full. Guarantees are obtained against these receivables.



(In Thousands of Jordanian Dinars)

(18) ELECTRICITY SERVICE SUBSCRIBERS' DEPOSITS

This item represents amounts received by the subsidiaries of AL-Daman 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 the amounts received in advance by the subsidiaries of AL-Daman for energy investments (subsidiary) from the subscribers for electricity connecting services based on the Energy Regulatory Commission Instructions.

(20) DUE TO NATIONAL ELECTRIC POWER COMPANY

This item represents the amounts due on the subsidiaries of Al-Daman 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 50,530 thousand as at 31 December 2017 (2016: JD 37,218 thousand).

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(21) LOANS

This item consists of the following:

	Short term	Long term	Total
Arab Bank (2)	300	1,100	1,400
Jordan Kuwait Bank (Jordanian Dinar)	3,111	24,889	28,000
Housing Bank	6,000	30,000	36,000
	9,411	55,989	65,400
	31	December 2016	6
	Short term	Long term	Total
Arab Bank (1)	365	-	365
Arab Bank (2)	636	875	1,511
Jordan Kuwait Bank (Jordanian Dinar)	-	28,000	28,000
Housing Bank	6,000	25,201	31,201
Jordan Kuwait Bank Loan (Dollar)	4,136	-	4,136
	11,137	54,076	65,213

31 December 2017



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(In Thousands of Jordanian Dinars)

(21) LOANS (CONTINUED)

Arab Bank (1)

This amount represents the loan amount granted to Jordan Press Foundation / Al Rai (subsidiary) on 18 September 2012, the foundation obtained a loan with a ceiling JD 7 million, bearing interest of 6.25%. for the first two years starting from the granting date. Interest rate will be adjusted thereafter based on the announced lending rates of Arab Bank's top clients after a deduction of 1.1% with a condition not to pledge any of the company's assets or to obtain any other facilities without obtaining prior written approval from the bank, and to use the loan proceed for its specified purpose. The loan is repayable over 48 monthly installments of JD 146 thousand, the first installment was due on 30 July 2012 and the last installment was due on 30 July 2016. The loan was granted to finance the printing press complex. The loan was fully paid as of 31 December 2017 (2016: JD 365 thousand).

Arab Bank (2)

This amount represents the loan amount granted to Jordan Press Foundation / Al Rai (subsidiary) on 13 March 2015, the company obtained a loan with a celling 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. First installment was due on 1 April 2015 and the last installment will be due on 1 November 2017. The purpose of the loan is to finance the remaining printing press complex project and support the working capital and finance other administrative expenses.

The Company signed a contract with Arab Bank on 18 June 2017 to reschedule the loans payments. Based upon this the monthly installment become JD 25 thousand and at an interest rate of 8.875% payable over 57 installments over beginning 31 December 2017. The Loan's balance was JD 1,400 thousand as of 31 December 2017 (2016: JD 1,511 thousand).

Jordan Kuwait Bank - Jordanian Dinar

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

The loan is repayable over 18 semi-annual installments with an amount of JD 1,555,555 including the interest due. Interest 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.

Jordan Kuwait Bank – Dollar

This item represents the loan amount granted to Al-Daman for Energy Investments (subsidiary) in May 2015 from Jordan Kuwait Bank with an amount of USD 8,750,000 (JD 6,203,750) for the period of 2.5 years with a grace period of one and a half years after the first withdrawal to fund company's projects in renewable energy.

The loan is repayable over 3 semi-annual installments with an amount of JD 2,067,917 for each installment. bearing an interest rate of 3.5% plus 6 months LIBOR, the minimum applicable interest rate is 4.5% annually. The first installment will be due on 17 November 2016 and the last one on 1 November 2017.



(In Thousands of Jordanian Dinars)

(21) LOANS (CONTINUED)

Housing Bank for Trade and Finance - Jordanian Dinar

This item represents loan amount granted to Electricity Distribution Company on 24 November 2016 from the Housing Bank for Trade and Finance with an amount of JD 40 million, with a grace period of one year, bearing an interest rates ranging between 5% to 5.4% or the granted rate 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 life till the maturity date, with 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 will be due on 31 December 2017, the interest is payable every six months.

(22) END OF SERVICE INDEMNITY PROVISION

Movements on end of service indemnity provision were as follows:

		2016
Balance at the beginning of the year	13,151	10,810
Provision for the year *	1,919	3,206
Paid during the year	(2,620)	(865)
Balance at the end of the year	12,450	13,151

2040

* AL-Daman for Energy Investments (subsidiary) capitalized an amount of JD 358 thousand on projects in progress as of 31 December 2017 (2016: JD 627 thousand).



(In Thousands of Jordanian Dinars)

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

	2017	2016
Expenses in the statement of revenues and expenses (note 33)	1,561	2,579
Capitalized to projects in progress	358	627
Balance at the end of the year	1,919	3,206

(23) DUE TO BANKS

This item represents credit facilities granted to AL-Daman for Energy Investments and its subsidiaries from local banks, in addition to amounts granted to Jordan Press Foundation / AL-Rai and United Travelling Center bearing annual interest rates that ranges between 5% to 10%. The ceilings for these facilities amounted to JD 70 million as at 31 December 2017 (2016: JD 64 million).

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(24) OTHER LIABILITIES

This item consists of the following:

	2017	2016
Revenues and grants received in advance	38,673	39,332
Contractors payables and retentions	641	645
Governmental provisions and fees	3,691	3,704
Trade payables	17,286	13,965
Projects deposits	2,957	2,957
Accrued expenses	2,884	3,441
Waste fees	6,252	5,625
Due to the ministry of Finance – television fees	2,745	2,629
Rural fils payable	3,655	4,467
Accrued additional payments	-	2,613
Brokers payables	-	91
Other liabilities	38,940	33,006
	117,724	112,475

(25) PROPERTY AND EQUIPMENT REVALUATION RESERVE

The land owned by the National Company for Touristic and Development (a 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 the Equity as Property and Equipment Revaluation Reserve.

(26) FAIR VALUE RESERVE

The movement on fair value reserve is as follows:

	2017	2016
Balance at the beginning of the year	335,371	447,026
Net change in fair value of financial assets through other comprehensive income	(64,932)	(100,935)
Losses (gains) realized from sale of financial assets through other		
comprehensive income	738	(10,720)
Balance at the end of the year	271,177	335,371



(In Thousands of Jordanian Dinars)

(27) SOCIAL SECURITY CORPORATION ACCOUNT, UNEMPLOYMENT FUND

Based on the Corporation's Board of Directors' decision No. 14/2013 dated February 4, 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

Movements during the years 2017 and 2016 were as follows:

	2017	2016
Balance at the beginning of the year	236,114	184,951
Cash transferred during the year, net	45,498	42,448
Unemployment fund's share of Investment Fund's returns	11,417	8,715
Balance at the end of the year	293,029	236,114

(28) MATERIAL PARTIALLY-OWNED SUBSIDIARIES

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

			Percentage o	f non-controlling
			interest	
	Country	Nature of activity	2017	2016
Jordan Press Foundation / AL-Rai	Jordan	Press and publishing	45.07%	45.07%
Jordan Duty Free	Jordan	Trading	42.91%	42.91%
		Investment and		
AL-Daman for Investment	Jordan	Renting	38.6%	38.6%

The condensed financial information of these subsidiaries is provided below. This information is based on amounts before intercompany elimination.

	2017	2016
Accumulated balance for non-controlling interests		
Jordan Press Foundation / AL-Rai	11,530	14,040
Jordan Duty Free	26,061	22,608
AL-Daman for Investment	4,166	4,055
	2017	2016
Material (loss) profit attributable to non-controlling interests		
Jordan Press Foundation / AL-Rai	(2,031)	(1,032)
Jordan Duty Free	10,896	7,658
AL-Daman for Investment	111	73

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(28) MATERIAL PARTIALLY-OWNED SUBSIDIARIES (CONTINUED)

(20) MATERIAL PARTIALLY-OWNED SUBSIDIARIES (CONTINGED)	Jordan Press Found	ation / AL-Rai*
Condensed statement of financial position	2017	2016
Current assets	5,738	6,226
Non-current assets	33,464	37,045
Current liabilities	(12,168)	(10,851)
Non-current liabilities	(1,451)	(1,275)
Net equity	25,583	31,145
Share of non-controlling interests in equity	11,530	14,040
Condensed statement of comprehensive income		
Revenue	12,234	16,379
Cost of revenues	(11,370)	(13,117)
Administrative expenses	(4,212)	(4,302)
Selling and distribution expenses	(582)	(718)
Other revenues and expenses, net	(577)	(532)
Loss for the year before income tax	(4,507)	(2,290)
Income tax	<u> </u>	-
Loss for the year	(4,507)	(2,290)
Other comprehensive income	-	-
Total comprehensive income for the year	(4,507)	(2,290)
Total comprehensive income attributable		
to non-controlling interests	(2,031)	(1,032)
Condensed statement of cash flows		
Operating activities	2,034	1,579
Investing activities	(27)	(55)
Financing activities	(2,306)	(2,025)
Net decrease in cash and cash equivalents	(299)	(501)

* During 2017, the Jordan Press Foundation/ Al – Rai reissued its financial statements for the year ended 31 December 2016. This resulted in a change in accumulated losses in the amount of JD 1,055 thousand. This has been presented as prior year adjustments in the consolidated financial statements



(In Thousands of Jordanian Dinars)

(28) MATERIAL PARTIALLY-OWNED SUBSIDIARIES (CONTINUED)

(20) MATERIAL FARTIALLI - OWNED SOBSIDIARIES (CONTINGED)	Jordan Duty Free	
	2017	2016
Condensed statement of financial position		
Current assets	52,134	44,042
Non-current assets	13,537	12,897
Current liabilities	(4,267)	(4,173)
Non-current liabilities	(668)	(801)
Net equity	60,736	51,965
Share of non-controlling interests in equity	26,061	22,608
Condensed statement of comprehensive income		
Sales	94,773	67,074
Cost of sales	(59,928)	(41,265)
Administrative expenses	(4,687)	(3,950)
Selling and distribution expenses	(5,149)	(4,287)
Other revenues and expenses, net	777	287
Profit for the year before tax	25,786	17,859
Income tax expense	(392)	(258)
Profit for the year	25,394	17,601
Other comprehensive income		-
Total comprehensive income for the year	25,394	17,601
Total comprehensive income attributable to non-controlling interests	10,896	7,658
Condensed statement of cash flows		
Operating activities	25,311	16,494
Investing activities	(7,425)	(5,169)
Financing activities	(16,623)	(13,125)
Net increase (decrease) in cash and cash equivalents	1,263	(1,800)

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(In Thousands of Jordanian Dinars)

(28) MATERIAL PARTIALLY-OWNED SUBSIDIARIES (CONTINUED)

	AL-Daman for Investment	
Condensed statement of financial position	2017	2016
Current assets	2,987	2,944
Non-current assets	7,992	7,694
Current liabilities	(186)	(133)
Total equity	10,793	10,505
Share of non-controlling interests in equity	4,166	4,055
Condensed statement of comprehensive income		
Operating revenues	468	437
Operating expenses	(317)	(311)
Administrative expenses	(226)	(206)
Share of profit of associate	236	140
Other revenues and expenses, net	142	129
Profit for the year	303	189
Other comprehensive income items	(15)	(30)
Total comprehensive income for the year	288	159
Total comprehensive income attributable to non-controlling interests	111	73
Condensed statement of cash flows		
Operating activities	99	29
Investing activities	(2,420)	(2,223)
Financing activities		(500)
Net decrease in cash and cash equivalents	(2,321)	(2,694)



(In Thousands of Jordanian Dinars)

(29) NET OPERATING REVENUES

		Press &				
	Hotels	publishing		Commercial	Other	
2017-	sector	sector	Power sector	sector	sectors	Total sectors
Operating revenues	34,636	12,234	559,317	84,844	2,220	693,251
Operating expenses	(14,381)	(8,906)	(486,185)	(49,999)	(251)	(559,722)
Net operating revenues	20,255	3,328	73,132	34,845	1,969	133,529

The net operating revenues for the hotel sector consists of the following:

	Amman AL Sham Palace Hotel	Interconti nental Hotel Aqaba	Crown Plaza Hotel – Amman	Crown Plaza Resort- Petra	Crown Plaza Resort– Dead Sea	Holiday Inn Resort- Dead Sea	Total
Operating revenues	922	8,450	9,322	2,779	8,129	5,034	34,636
Operating expenses	(477)	(3,584)	(3,321)	(1,113)	(3,633)	(2,253)	(14,381)
Net operating revenues	445	4,866	6,001	1,666	4,496	2,781	20,255

2016-	Hotels sector	publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
Operating revenues	34,036	16,379	548,607	61,070	1,803	661,895
Operating expenses	(14,577)	(10,526)	(472,195)	(35,261)	(246)	(532,805)
Net operating revenues	19,459	5,853	76,412	25,809	1,557	129,090

(30) INTEREST INCOME

This item consists of the following:

	2017	2016
Balances and deposits at banks and financial institutions*	42,538	30,433
Bonds and treasury bills*	233,791	183,397
Loans	6,458	5,748
	282,787	219,578

^{*} This item contains an amount of JD 11,437 thousand as of 31 December 2017 representing interest income to the unemployment fund (2016: JD 8,714 thousand).



(In Thousands of Jordanian Dinars)

(31) (LOSSES) GAINS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF REVENUES AND EXPENSES

2017	0040
2017	
Realized gains 27	0 41
Unrealized revaluation (losses) gains (440	3,256
Commission on purchasing and selling financial assets at fair value	
through statement of revenues and expenses	(21)
(170	3,276

(32) (LOSSES) GAINS ON INVESTMENT PROPERTIES

This item consists of the following:

Revenues:		
Leased properties revenue	1,662	1,628
Gain from sale of investment properties	378	-
Gain from sale of investment properties – lawsuit	2,931	-
Expenses:		
Management fees, evaluation and other fees	(243)	(359)
Allowance for doubtful rents receivables	(496)	(177)
(Losses) gains on investment property valuation at fair value (note 14)	(20,595)	20,627

2017

(16,363)

2016

21,719



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(33) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2017	2016
Salaries, wages and employees' benefits	48,240	45,993
Training and courses expense	314	316
Telephone and mail	733	920
•	416	372
Stationery and printings		
Rent	240	207
Electricity, water and fuel	970	980
Repair and maintenance	129	113
Insurance expense	1,050	692
Professional and consultancy fees	806	1,635
Board of director's remuneration and transportation	837	760
Vehicles and transportation expense	3,056	2,693
Spare parts and material	516	565
Governmental fees and licenses	1,589	1,549
End of service indemnity (Note 22)	1,561	2,579
Hotels supervision and operating fees	977	937
Others	6,225	7,199
	67,659	67,510

(34) BANK CHARGES, COMMISSIONS AND INTEREST

This item includes the interest result from delaying payment of the energy bills of the subsidiary "Al-Daman for Energy Investments" amounting to JD 13,312 thousand as at 31 December 2017 (2016: JD 9,813 thousand)

(35) IMPAIRMENT LOSSES OF INVESTMENTS IN ASSOCIATES

The General assembly of Jordan Telecommunications Company (Associate) decided in its extraordinary meeting held on 19 April 2016 to decrease the Company's capital by 25%, which in return lead to recording an impairment loss with an amount of JD 53,936 thousand as a result of that capital decrease.

(36) CASH AND CASH EQUIVALENTS

This item consists of the following:

	2017	2010
Cash on hand and current and on demand accounts (note 3)	16,700	120,188
Deposits mature within three months or less (note 4)	637,294	599,559
103	653,994	719,747



(In Thousands of Jordanian Dinars)

(37) RELATED PARTIES TRANSACTIONS

The Group entered into transactions with associates and subsidiaries in its normal course of business with normal pricing, policies and terms. All loans granted to related parties are considered performing loans and no provisions were taken against these loans.

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

		2017			
Consolidated Statements of financial position items	Parent	Associates	Others	Total	Total
Assets and liabilities:					
Bank balances and deposits-					
Jordan Kuwait Bank (current account)	-	88	-	88	3
Jordan Kuwait Bank (deposits)	-	40,479		40,479	-
Investments in shares-	-	490,641	-	490,641	458,884
Cash dividends					
Jordan Petroleum Refinery Co.	-	4,085	-	4,085	1,511
The Jordan Worsted Mills Factory	-	751	-	751	751
Jordan Telecommunication Co.	-	5,198	-	5,198	4,621
Jordan Kuwait Bank	-	4,208	-	4,208	4,208
East Company for Investment projects	-	-	-	-	208
Jordanian Electric Power Co.	-	915	-	915	1,599
Electrical Equipment industries Company	-	88	-	88	-
Due from related parties-					
Jordan solar company	-	113	-	113	-
Al-Zarqa station for electrical power generation company	-	30	-	30	-
Electrical equipment industries		1	-	1	-
				144	-
Loans-					
Social security corporation	40,000	-	-	40,000	20,000
Jordan Kuwait bank	-	28,000	-	28,000	32,136
Consolidated statement of revenue and expenses					
Interest-					
Current account at Jordan Kuwait bank	-	13	-	13	36
Deposit at Jordan Kuwait bank	-	651	-	651	-
Social security corporation	1,320	-	-	1,320	-
Executive management salaries and remuneration	-	-	812	812	694
Investment board remuneration	-	-	108	108	110



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(38) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, deposits at banks and financial institutions deposits, financial assets at fair value through statement of revenues and expenses, loans and granted debts, financial assets at fair value through other comprehensive income, investments in associates, financial assets at amortized cost, due from related parties and some other assets. Financial liabilities consist of due to banks, loans, and other liabilities.

The fair value of financial instruments are 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 the risks and the handle the variances that exceed the allowable limits.

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

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

CREDIT RISK

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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

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(39) RISK MANAGEMENT (CONTINUED)

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 the transactions in addition to providing the best information systems and specialized technical personnel and to develop plans to maintain business continuity under any emergency circumstances.

MARKET RISK

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

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



(In Thousands of Jordanian Dinars)

(39) RISK MANAGEMENT (CONTINUED)

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, and 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 reasonably possible changes in interest rate as of 31 December while other variables held constant:

2017-

Currency	Increase in interest rate	Impact on surplus of revenue over expenses for the year	Impact on owners' equity
	%	JD	JD
JD USD	1 1	60,907 742	60,907 742
2016-			
2010	lu ana ana in	Impact on surplus of revenue over	Impact on
Currency	Increase in interest rate	expenses for the year	owners' equity
-	%		
JD	1	51,739	51,739
USD	1	750	750

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

SHARE PRICE RISK

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



(In Thousands of Jordanian Dinars)

(39) RISK MANAGEMENT (CONTINUED)

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

2017-	Change in indicator	Effect on surplus of revenue over expenses for the year	Effect on social security corporation equity
	%		
Indicator			
Amman stock exchange	5	6,317	70,049
Palestine stock exchange	5	471	471
London stock exchange	5	-	2,166
		6,788	72,686
2016-			
Indicator			
Amman stock exchange	5	6,224	71,305
Palestine stock exchange	5	472	472
London stock exchange	5	-	3,276
		6,696	75,053

The effect of decreases in share prices with the same percentage is expected to be equal and opposite to the effect of the 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 Dinars, and US Dollar is considered as the base currency for foreign investments. Therefore, due to the fact the Jordanian Dinar is fixed against the US Dollar, the Fund is not exposed to significant currencies risk in relation to the US Dollar. Furthermore, the Fund does not have any obligations in foreign currencies, accordingly, no hedging were performed against their obligations.



(In Thousands of Jordanian Dinars)

(39) RISK MANAGEMENT (CONTINUED)

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 between the maturities of investment instruments and investment obligations.

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

	Up to one	One to three	Three to	six months up to a	More than one year	More than three		
2017-	month	months	six months	one year	up to three years	years	Without maturity	Total
<u>Assets</u>								
Cash and Bank balances	16,700	-	-		-	-	-	16,700
Deposits at bank and financial institutions	338,758	298,536	385,109	11,700	-	-	-	1,034,103
Financial assets at fair value through statement								
of revenue and expense							135,770	135,770
Loans and granted debts, net	4,006	2,039	1,198	7,248	57,321	72,521	-	144,333
Financial asset at fair value through								
comprehensive income	-	_	-	-	_	_	1,383,910	1,383,910
Investments in associates	-	_	-	-	_	_	490,641	490,641
Financial assets at amortized cost	-	40,992	103,589	518,158	1,522,667	2,784,362	_	4,969,768
Subscribers' contribution and rural Fils assets	-	_	-	_	_	179,705	-	179,705
Projects in progress	-		-	-	_	_	94,255	94,255
Investment properties	-	-	-		-		628,431	628,431
Investments in joint operations		-			-	-	2,001	2,001
Inventory, net	-	_	-	-	_	_	30,553	30,553
Property and equipment, net		-			-	-	343,194	343,194
Due from related parties	-	-	-		-	144	-	144
Intangible assets, net		-			-	-	66,787	66,787
Other assets	-	_	-	-	_	_	403,566	403,566
Total Asset	359,464	341,567	489,896	537,106	1,579,988	3,036,732	3,579,108	9,923,861
Liability and equity Liability-								
Subscribers' contribution and rural Fils assets	-	-	-	-	-	179,705	-	179,705
Electricity service subscribers' deposits	-	-	-	-	-	60,134	-	60,134
Advance payments from electricity subscribers	-	-	-	-	-	23,534	-	23,534
Due to National Electric Power Company	-	-	-	-	-	256,594	-	256,594
Loans	-	-	-	1,400	-	64,000	-	65,400
Income tax provision	-	-	3,836		-	-	-	3,836
End of service indemnity provision	-	-	-	-	-	-	12,450	12,450
Due to banks	49,901	-	-	-	-	-	-	49,901
Other liabilities	-	-	-	-	-	-	117,724	117,724
Total liabilities	49,901	-	3,836	1,400		583,967	130,174	769,278
Equity-								
Social security corporation equity:								
							5,244,673	5,244,673
Social security corporation current account	-	-	-	-	-	-	5,244,673	5,244,673
Social security corporation current account –								
unemployment fund	-	-	-	-	-	-	293,029	293,029
Fair value reserve, net	-	-	-	-	-	-	271,177	271,177
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Surplus of revenue over accumulated expenses			-				3,257,783	3,257,783
Total social security sectors								
corporation equity	-	-	-	-	-	-	9,098,474	9,098,474
Non-controlling interests	-	-	-	-	-	-	56,109	56,109
Total liabilities and equity	49,901		3,836	1,400		583,967	9,284,757	9,923,861
	-10,001		5,550	.,400		555,307	0,204,707	0,020,001



(In Thousands of Jordanian Dinars)

(39) RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK (CONTINUED)

				More than				
	Up to one	One to three	Three to	six months up to a	More than one year	More than three		
2016-	month	months	six months	one year	up to three years	years	Without maturity	Total
Assets		_						
Cash and Bank balances	120,188		-		-	-	-	120,188
Deposits at bank and financial institutions	269,606	329,953	211,454	11,700	-	-	-	822,713
Financial assets at fair value through statement								
of revenue and expense	-		-			-	133,926	133,926
Loans and granted debts, net	6,356	2,669	1,597	10,462	33,976	59,679	-	114,739
Financial asset at fair value through								
comprehensive income	-	-	-	-	-	-	1,456,472	1,456,472
Investments in associates	-		-				458,884	458,884
Financial assets at amortized cost	13,000	100,762	150,511	151,760	1,686,774	2,081,431	-	4,184,238
Subscribers' contribution and rural Fils assets	-	-	-	-	-	173,969	-	173,969
Projects in progress	-	-	-	-	-	-	89,991	89,991
Investment properties	-	-	-	-	-	-	637,659	637,659
Investments in joint operations	-	-	-	-	-	-	2,001	2,001
Inventory, net	-	-	-	-	-	-	33,083	33,083
Property and equipment, net	-	-	-	-	-	-	330,506	330,506
Intangible assets, net	-	-	-	-	-	-	69,861	69,861
Other assets							316,911	316,911
Total Asset	409.150	433.384	363.562	173,922	1,720,750	2.315.079	3.529.294	8,945,141
		,			-,,-=,,-=			-,,
Liability and equity								
Liability-								
•								
Subscribers' contribution and rural Fils assets	-	-	-	-	-	173,969	-	173,969
Electricity service subscribers deposits	-	-	-	-	-	54,575	-	54,575
Advance payment from electricity subscribers	-	-	-	•	-	18,676	-	18,676
Due to National Electric Power Company .	-	-	-	-	-	190,244	-	190,244
Loans	-	-	-	11,136	-	54,077	-	65,213
Income tax provision	-	-	4,150	•	-	-	-	4,150
End of service indemnity provision	-	-	-	-	-	13,151	-	13,151
Due to banks	39,238	-	-	-	-	-	-	39,238
Other liabilities			-	<u> </u>		112,475		112,475
Total liabilities	39,238	-	4,150	11,136	-	617,167	-	671,691
Equity-								
Social security corporation equity:								
Social security corporation current account	-		-				4,686,968	4,686,968
Social security corporation current account –								
unemployment fund				_		_	236,114	236,114
Fair value reserve, net	-	-	-	-	-	-	335,371	335,371
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Cumulative surplus of revenue accumulated								
expenses			-				2,926,991	2,926,991
Total social security sectors								
corporation equity	-	-	-	-	-	-	8,217,256	8,217,256
Non-controlling interests	-	-	-	-	-	-	56,194	56,194
Total liabilities and equity	39,238		4,150	11,136		617,167	8,273,450	8,945,141
	00,200		4,100	,150		511,101	5,275,450	0,0-10,1-1



(In Thousands of Jordanian Dinars)

(39) RISK MANAGEMENT (CONTINUED)

Sensitivity of interest prices were as follows:

					wore man			
	Up to	One	Three	More than	one year		Non-	
	one	to three	to six	six months	up to three	More than	interest	
<u>2017-</u>	month	months	months	up to a year	years	three years	bearing	Total
<u>Assets</u>								
Cash and Bank balances	16,700	-	-	-	-	-	-	16,700
Deposits at bank and financial institutions	338,758	298,536	385,109	11,700	_	_	_	1,034,103
Financial assets at fair value through statement of revenue and expense	-	-	-	-	-	-	135,770	135,770
Loans and granted debts, net	4,006	2,039	1,198	7,248	57,321	72,521	-	144,333
Financial asset at fair value through comprehensive income	-	-	-	-	-	-	1,383,910	1,383,910
Investments in associates	_	-	-	-	-	-	490,641	490,641
Financial assets at amortized cost	-	40,992	103,589	518,158	1,522,667	2,784,362	-	4,969,768
Subscribers' contribution and rural Fils assets		-	-	-	-	-	179,705	179,705
Projects under progress	_	-	-	-	-	-	94,255	94,255
Investment properties	_	-	-	-	-	-	628,431	628,431
Investments in joint operations	-			-	-		2,001	2,001
Inventory, net	_	-	-	-	-	-	30,553	30,553
Property and equipment, net	-	-	-	-	-	-	343,194	343,194
Intangible assets, net	_	-	-	-	-	-	66,787	66,787
Due from related parties	-		-	-	-	-	144	144
Other assets	-	-	-	-	-		403,566	403,566
Total Asset	359,464	341,567	489,896	537,106	1,579,988	2,856,883	3,758,957	9,923,861
<u>Liability and equity</u> Liability-								
Subscribers' contributions and rural Fils assets	-	-	-	-	-	-	179,705	179,705
Electricity service subscribers deposits		-	-	-	-	-	60,134	60,134
Advance payment from electricity subscribers	-	-	-	-	-	-	23,534	23,534
Due to National Electric Power Company		-	-	-	-	-	256,594	256,594
Loans	-	-	-	1,400	-	64,000	-	65,400
Income tax provision	-	-	-	-	-	-	3,836	3,836
End of service indemnity provision	-	-	-	-	-	-	12,450	12,450
Due to banks	49,901	-	-	-	-	-	-	49,901
Other liabilities							117,724	117,724
Total liabilities	49,901			1,400		64,000	653,977	769,278
Equity-								
Social security corporation equity:								
Social security corporation current account	-	-	_	-	-	-	5,244,673	5,244,673
Social security corporation current account – unemployment fund							293,029	293,029
	-	-	-	-	-	-		
Fair value reserve, net	-	-	-	-	-	-	271,177	271,177
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Surplus of revenues over accumulated expenses							3,257,783	3,257,783
Total Social Security Corporation equity	-	-	-	-	-	-	9,098,474 56,109	9,098,474 56,109
Non-Controlling interests	40.004							
Total liabilities and equity	49,901		-	1,400	-	64,000	9,808,560	9,923,861
Sensitivity variance	309,563	341,567	489,896	535,706	1,579,988	2,792,883	(6,049,603)	
Cumulative sensitivity variance	309,563	651,130	1,141,026	1,676,732	3,256,720	6,049,603	-	-

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

(39) RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK (CONTINUED)

					WOIE Hall			
	Up to	One	Three	More than	one year		Non-	
	one	to three	to six	six months	up to three	More than	interest	
<u>2016-</u>	month	months	months	up to a year	years	three years	bearing	Total
Assets								
Cash and Bank balances	120,188	-	-	-	-	-	-	120,188
Deposits at bank and financial institutions	269,606	329,953	211,454	11,700	-	-	-	822,713
Financial assets at fair value through statement of revenue and expense	-	-	-	-	-	-	133,926	133,926
Loans and granted debts, net	6,356	2,669	1,597	10,462	33,976	59,679	-	114,739
Financial asset at fair value through comprehensive income	-	-	-	-	-	-	1,456,472	1,456,472
Investments in associates	-	-	-	-	-	-	458,884	458,884
Financial assets at amortized cost	13,000	100,762	150,511	151,760	1,686,774	2,081,431	-	4,184,238
Subscribers' contribution and rural Fils assets	-	-	-	-	-	-	173,969	173,969
Projects under progress	-	-	-	-	-	-	89,991	89,991
Investment properties	-	-	-	-	-	-	637,659	637,659
Investments in joint operations	-	-	-	-	-	-	2,001	2,001
Inventory, net	-	-	-	-	-	-	33,083	33,083
Property and equipment, net	-	-	-	-	-	-	330,506	330,506
Intangible assets, net		-	-	_	_	_	69,861	69,861
Other assets	_	-	_	_	_	_	316,911	316,911
	409,150	433,384	363,562	173,922	1,720,750	2,141,110	3,703,263	8,945,141
Total assets	403,130	400,004	303,302	170,522	1,720,700	2,141,110	3,703,203	0,545,141
Liability and equity								
Liability-								
Subscribers' contributions and rural fils assets	-	-	-	-	-	173,969	-	173,969
Electricity service subscribers deposits	-	-	-	-	-	54,575	-	54,575
Advance payment from electricity subscribers	-	-	-	-	-	18,676	-	18,676
Due to National Electric Power Company	-	-	-	-	-	190,244	-	190,244
Loans	_	-	-	11,136	-	54,077	-	65,213
Income tax provision	-	-	-	-	-	-	4,150	4,150
End of service indemnity provision		-	-	-	-		13,151	13,151
Due to banks	39,238	-	_	_	_	_	_	39,238
Other liabilities	-	-		-	-	-	112,475	112,475
Total liabilities	39,238			11,136		491,541	129,776	671,691
Total liabilities	00,200			11,100		451,541	123,770	071,031
Equity-								
Social security corporation equity:								
Social security corporation current account	-	-	-	-	-	-	4,686,968	4,686,968
Social security corporation current account - unemployment fund	-	-	-	-	-	-	236,114	236,114
Fair value reserve, net	-	-	-	-	-	-	335,371	335,371
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	2,926,991	2,926,991
Total Social Security Corporation equity							8,217,256	8,217,256
Non-Controlling interests	-	-	-	-	-	-	56,194	56,194
Total liabilities and equity	39.238			11,136		491,541	8,273,450	8,273,450
								.,,
Sensitivity variance	369,912	433,384	363,562	162,786	1,720,750	1,649,569	(4,699,963)	
Cumulative sensitivity variance	369,912	803,296	1,166,858	1,329,643	3,050,394	4,699,963	-	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(In Thousands of Jordanian Dinars)

(40) SEGMENT INFORMATION

The Group and its subsidiaries mainly operate in the Hashemite Kingdom of Jordan and its assets and liabilities are concentrated according to the following geographical distribution:

	31 Decemb	31 December 2017		
	Assets	Liabilities	Assets	Liabilities
Geographical region				
Inside Jordan	9,871,123	769,278	8,870,176	671,691
Arabian countries	9,422	-	9,443	-
Europe	43,316	-	65,522	-
	9,923,861	769,278	8,945,141	671,691

The assets and liabilities are concentrated according to the following economic distribution:

	31 Decemb	31 December 2016		
	Assets	Liabilities Assets		Liabilities
Economic sector				
Investment	8,733,189	4,169	7,868,882	3,960
Hotels	122,978	4,139	133,253	4,905
Press and publishing	39,202	13,619	43,271	12,126
Energy	817,621	698,365	672,600	611,176
Trading	65,671	4,935	56,939	4,974
Other	145,200	44,051	170,196	34,550
	9,923,861	769,278	8,945,141	671,691

(41) CONTINGENT LIABILITIES

The contingent liabilities of the group as of 31 December 2017 consist of the following:

A. As at 31 December 2017, the outstanding letters of credit and letters of guarantee were JD 2,529 thousand (2016: JD 5,455 thousand).



(In Thousands of Jordanian Dinars)

(41) CONTINGENT LIABILITIES (CONTINUED)

- B. The remaining capital expenditures to complete projects in progress for subsidiaries and Hotels owned by the Fund as at 31 December 2017 amounted to JD 225,513 thousand (2016: JD 244,964 thousand).
- C. Operating lease commitment for Al Daman for energy investments subsidiary:

Al Daman for Energy investments and its subsidiaries signed a lease agreement on 1 May 2011 for a period of 15 years with a total amount of JD 110 thousand in addition to some short-term contracts.

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

	31 Dece	mber
	2017	2016
Less than 1 year	190	127
1 to 5 years	727	615
Over 5 years	703	830
	1,620	1,572

D. Operating lease commitment for Al Daman for investments – subsidiary:

On 30 September 1998, the Company has 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 with a written request from the Company. Starting from the 11th year, an increase of a 4% or increase equivalent to the change in living costs in accordance with the official publications of the Central Bank of Jordan for the past year will be applied, whichever is lower.

E. Operating lease commitment for United Travelling Center:

On 30 January 2007, the Company signed a construction and operation agreement for the land owned by the General Transport Regulatory Commissions. The annual lease payment amounted to JD 30 thousand for a period of 20 years from the date of commencement of the service, lease payment term will increase every 5 years through extrapolating the inflation rate reported by the official agencies for the last 5 years. The date on which the service will be rendered is still not agreed upon up to the date of the consolidated financial statements.



(In Thousands of Jordanian Dinars)

(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 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 not observable

	Level (1)	Level (2)	Level (3)	Total
31 DECEMBER 2017				
Financial assets:				
Financial assets through statement of revenues				
and expenses	135,770	-	-	135,770
Financial assets through other comprehensive				
income	1,317,945		65,965	1,383,910
Total financial assets	1,453,715	-	65,965	1,519,680
	Level (1)	Level (2)	Level (3)	Total
31 DECEMBER 2016				
Financial assets:				
Financial assets through statement of revenues				
and expenses	133,926	-	-	133,926
Financial assets through other comprehensive				
income	1,367,151		89,321	1,456,472
Total financial assets	1,501,077		89,321	1,590,398



(In Thousands of Jordanian Dinars)

(43) LITIGATION

Social Security Investment Fund

There are lawsuits against the Fund with an approximate amount of JD 325 thousand as at 31 December 2017 (2016: JD 325 thousand). Management and legal counsel believes that no liabilities will arise from these lawsuits.

Jordan Press Foundation - Al Rai - Subsidiary

Jordan Press Foundation – Al Rai (subsidiary) is a defendant in a lawsuit within the ordinary course of business amounting to JD 4,025 thousand as at 31 December 2017 (2016: JD 4,078 thousand). Management and legal counsel believe that no liabilities shall arise from these lawsuits.

Jordan Duty Free Shops - Subsidiary

- a. There are labor lawsuits raised against Jordan Duty Free Company (Subsidiary) with an amount of JD 92 thousand. Management and legal counsel believe that the existing provision is sufficient against these lawsuits.
- b. There are custom lawsuit raised against the Company with an amount of JD 172 thousand. Management and legal counsel believe that no liabilities will arise from these lawsuits.

National Company for Tourism Development - Subsidiary

There are lawsuits against the Company amounting to JD 18 Thousand as at 31 December 2017 related to claims by the lessees (2016: JD 18 thousand).

Daman for Energy Investments - Subsidiary

There are lawsuits against the subsidiaries of Daman for Energy Investments related to its activities with a total amount of JD 666 thousand as at 31 December 2017 (2016: JD 727 thousand), Management and legal counsel believe that the current lawsuit provision amounting to JD 423 thousand recognized by the Group is sufficient at the date of the consolidated financial statements.

Al Daman for Investments Public Shareholding Company - Subsidiary

There were no lawsuits against the Company as at 31 December 2017 and 2016. The company's legal cousel believes that no liabilities will arise from these lawsuits.

Lawsuits filed by the company against others amounted to JD 214 Thousand as at 31 December 2017 (2016: JD 214 Thousand).



SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(In Thousands of Jordanian Dinars)

(43) LITIGATIONS (CONTINUED)

Crown Plaza Resort - Dead Sea - Fully Owned Hotel

There are lawsuits raised against the resort amounting to JD 21 Thousand as at 31 December 2017 (2016: JD 21 Thousand), These lawsuits are still in its early stages; Management and legal counsel believe that no additional provisions should be recognized against these lawsuits.

Intercontinental Resort - Agaba - Fully Owned Hotel

There are lawsuits raised against the resort amounting to JD 199 Thousand as at 31 December 2017 (2016: JD 83 thousand) related to the resort activities. Risks related to these lawsuits and its probability of occurrence were analyzed despite the fact that the results cannot be identified accurately. Management and legal counsel believe that no liabilities will arise from these lawsuits.

Holiday Inn Resort - Dead Sea - Fully Owned Hotel

There are lawsuits raised against the resort amounting to JD 6 Thousand as at 31 December 2017 (2016: JD 6 thousand) related to the resort activities. Risks related to these lawsuits and its probability of occurrence were analyzed. Management and its legal counsel believe that no liabilities will arise from these lawsuits.

During the year 2014, the hotel was sued for causing death and the offense of causing harm. The case is registered under No. 4018/2014. The case is still pending and in its early stages, Management and legal counsel believe that it will not result in any material obligations.

Amman Al- Sham Palace Hotel - Fully Owned Hotel

The Hotel is defendant in lawsuits amounting to JD 3 thousand as at 31 December 2017 (2016: JD 3 thousand) related to the Hotel activities. In the opinion of management and legal counsel no liabilities will arise from these lawsuits.

Crown Plaza Hotel - Dead Sea - Fully Owned Hotel

There are lawsuits raised against the hotel amounting to JD 64 Thousand as at 31 December 2017 (2016: JD 56 Thousand), Management and the legal counsel believe that no additional provisions should be recognized against these lawsuits.

Crown Plaza Hotel Petra - Fully Owned Hotel

There are lawsuits raised against the hotel amounting to JD 21 thousand as at 31 December 2017 (2016 JD 16 thousand). Management and the legal counsel believe that no additional provisions should be recognized against these lawsuits.

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(In Thousands of Jordanian Dinars)

(44) INCOME TAX PROVISION

Movements on income tax provision were as follows:

	2017	2016
Balance at the beginning of the year	4,150	2,669
Deferred income tax related to temporary time variances	9	(253)
Prior years income tax	61	-
Provision for the year	4,200	4,882
Income tax paid	(4,584)	(3,148)
Balance at the end of the year	3,836	4,150
Income tax presented in consolidated statement of revenue and expense	e were as follows:	

	2017	2016
Provision for the year	4,200	4,882
Change in deferred tax assets	9	(253)
Prior year income tax	61	
	4,270	4,629

Tax Position of the Group

Social Security Investment Fund

The income tax provision for the year ended 31 December 2017 has been calculated in accordance with income tax law No. (34) of 2014. Management believes that the provision amounting to JD 442 thousand is sufficient and there is no need to recognize additional provision. Most of the fund activities are tax exempted in accordance with Income Tax Law.

The Fund submitted its tax declarations for the years 2015 and 2016. The Income Tax Department has not reviewed the records up to the date of the consolidated financial statements.

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

Irbid District Electricity Company public shareholding Company – Subsidiary of Al Daman for Energy Investments

The Company obtained a final tax clearance up to the year 2014. The Income and Sales Tax Department reviewed and audited the Company's records for the year 2015 up to the date of the consolidated financial statements. The income and sales tax department has found differences amounting to JD 112 thousand. The Company has objected and lawsuit has been raised over the matter. The Income and Sales Tax Department did not review the Company's accounting records for 2016 as at the date of these consolidated financial statements.

statements.



(In Thousands of Jordanian Dinars)

(44) INCOME TAX PROVISION (CONTINUED)

Electricity Distribution Company public shareholding company – subsidiary of Al Daman for Energy Investments

The Company has obtained a final clearance from the Income and Sales Tax Department up to the year 2014. The Company submitted its tax deceleration to the Income and Sales Tax Department for 2015 and 2016. The income and sales tax department has not reviewed their records up to the date these consolidated financial statement.

Electricity Distribution Company - Aqaba

The Company has obtained a final clearance until 2014 and the Company has submitted the tax deceleration for 2015 and 2016. The Income and Sales Tax Department did not review the Company's accounting records for these years until the date of these consolidated financial statements.

Jordan Press Foundation /AI Rai - subsidiary

Income tax provision was not calculated for the two years ended 31 December 2017 and 2016 due to the excess of taxable expenses over taxable income in accordance with the Income Tax Law No. (34) Of 2014.

The Company submitted its tax declarations for the years 2015 and 2016. The Income and Sales Tax Department did not issue its final report until the date of preparation of these consolidated financial statements.

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2014.

Jordan Duty Free public shareholding Company – subsidiary

Income tax on other revenues for the years ended 31 December 2017 and 2016 has been calculated in accordance with income tax law No. (34) Of 2014.

The Council of Ministers had resolved in it decision dated 10 April 2017 to extend the exemption of the company's profit from Income and Social Service Tax, sold within the main activity of the company.

Income tax for the Company was settled up to the years 2005 and 2007 and for the years from 2010 to 2014.



(In Thousands of Jordanian Dinars)

(44) INCOME TAX PROVISION (CONTINUED)

As for the year 2006, the Company filed a lawsuit with the First Instance Court to prevent the Income and Sales Tax Department form claiming income tax on other revenues. The overall aggregated disputed tax amount JD 130 thousand.

Taxes on the Group were estimated at JD 481 thousand for the years 2008 and 2009. The Income and Sales Tax Department has subjected interest and other income to income tax. The Group objected to that decision and the Group's objection was rejected by the Income and Sales Tax Department. The Group filed a lawsuit against the Department at the Court of Instance. The case is in its final stage as it is filed for a final decision by the Taxation Court.

The Company submitted its tax declarations for the year 2016, and the Income and Sales Tax Department still has not reviewed those declarations up to the date of preparation of these consolidated financial statements.

The Company registered in the Income and Sales Tax Department with a retrospective effect starting 1 January 2014 to benefit from decision of the Council of Ministers to exempt the Company from penalties in the case the principle of tax amounts was paid in full.

National Company for Touristic Development - subsidiary

The Company obtained a final tax clearance from the Income and Sales Tax Department up to the end of 2014, after the Company had paid tax differences for the years 2008 up to 2013 amounting to JD 25 thousand.

The Company has submitted its tax declarations for the year 2016 and the Income and Sales Tax Department still has not reviewed those declarations.

The income and sales tax department – Aqaba branch audited the years 2011 to 2013 and has not issue its decision yet. The company submitted its tax declarations for the years 2014 to 2016, the income and sales tax department has not received yet.

Al-Daman for Investments - subsidiary

Income tax for the years ended 31 December 2017 and 2016 was not calculated due to the company having accumulated losses in accordance with income tax law No. (34) of 2014.

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 2014 except for the year 2010, which is under appeal and still pending before the court. In addition, the company obtained a tax clearance for the Company's activities in Aqaba up to the year 2012. Tax declarations related to the Company's activities in Aqaba were submitted for the years 2013, 2014, 2015 and 2016. The Income and Sales Tax Department reviewed and the final decision was not made until the financial statements preparation date. The Company's management did not recognize the deferred tax assets since it's not significant and believed not to benefit the Company in the near future.

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the years 2013, 2014, 2015 and 2016. The Income and Sales Tax Department reviewed and the final decision was not made until the financial statements preparation date. The Company's management did not recognize the deferred tax assets since it's not significant and believed not to benefit the Company in the near future.



(In Thousands of Jordanian Dinars)

(44) INCOME TAX PROVISION (CONTINUED)

Rama for Investing and Saving Company – Subsidiary

Income tax provision was calculated for the two years 2016 and 2017 in accordance with the Income Tax Law No. (34) Of 2014.

The company has obtained the final clearance from the Income and Sales Tax Department up to 2016.

Al-Daman for Zone Development - Subsidiary

The company has calculated its income tax provision for the year ended 31 December 2016 and 2017, and according to the developing zones law No. (2) of 2008 the Company deducts 5% from its taxable income as income tax provision.

North Development Company and Mafraq developed were reached a settlement with the Income and Sales Tax Department until the end of 2015

United Travelling Center – subsidiary

Income tax provision was not calculated for the years ended 31 December 2017 due to a cumulative loss from previous years in accordance with the Income Tax Law No. (34) of 2014.

The Company has submitted its tax records up to the year 2011, and the Company obtained the final tax clearance with the Income and Sales Tax Department up until that year.

The Company submitted its income tax declarations for the years 2012 to 2016 within the legal time period, and the Income and Sales Tax Department has not reviewed the records up to the date of the financial statements.



(In Thousands of Jordanian Dinars)

(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 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The Group has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; however, the entities are exempted from restating their comparative information.

The Group plans to adopt the remaining phases on the effective date and will not restate comparative information.

(a) Classification and Measurement

The Group does not expect a material impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its loans, bonds, deposits at banks, investments in subsidiaries and trade receivables either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all financial instruments. Based on the preliminary numbers, the Group expects an increase in impairment provision in the amount of JD 24,728 thousand which will results in a decrease of equity with the same amount.



(In Thousands of Jordanian Dinars)

(45) STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

During 2017, the Group has performed an impact assessment of IFRS 15. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018 when the Group adopts IFRS 15, whereas, the Group does not expect a material impact on its balance sheet or equity on applying the requirements of IFRS 15.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.



(45) STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard 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. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.



31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1January 2019, but certain transition reliefs are available.

(46) COMPARATIVE FIGURES

Some of 2016 balances were reclassified to correspond with the 2017 presentation. The reclassification had no effect on the profit and equity for the year 2016.

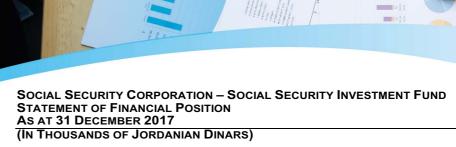


SOCIAL SECURITY CORPORATION -

SOCIAL SECURITY INVESTMENT FUND

SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2017

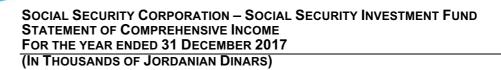


	<u>Notes</u>	2017	2016
<u>Assets</u>			
Cash and bank balances	4	495	106,579
Deposits at banks and financial institutions	5	962,299	754,716
Financial assets at fair value through statement of			
revenues and expenses	6	135,770	133,926
Loans and granted debts, net	7	229,637	168,018
Financial asset at fair value through other	8		
comprehensive income		1,340,333	1,390,701
Investments in subsidiaries	9	287,445	248,965
Investments in associates	10	307,733	357,521
Financial assets at amortized cost	11	4,969,768	4,184,238
Due from related parties	25	43,031	42,998
Investment properties	12	579,118	579,140
Investments in joint operations Investments in hotels	13 14	2,001 250,264	2,001 250,264
Property and equipment, net	15	250,26 4 138	250,264 2,759
Other assets	16	129,880	103,508
Total assets	10	9,237,912	8,325,334
151786 10			
Liabilities and Social Security Corporation			
Liabilities -			
Other liabilities	17	3,523	3,440
Income tax provision	26	442	520
Total liabilities		3,965	3,960
Social Security Corporation equity -			
Social security corporation current account		5,292,877	4,732,793
Social security corporation current account – unemployment fund	18	293,029	236,114
Fair value reserve, net		362,812	414,790
Surplus of revenues over accumulated expenses		3,285,229	2,937,677
Total Social Security Corporation equity			
		9,233,947	8,321,374
Total liabilities and social security corporation			
equity		9,237,912	8,325,334



SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2017 (IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2017	2016
Revenues - Interest income (Loss) gain of financial assets at fair value through revenues	19	282,226	220,078
and expenses, net	20	(170)	3,276
(Loss) gain on investment properties, net	21	(4,289)	20,799
Impairment losses on property and equipment	15	(323)	-
Dividends distribution	22	87,467	75,594
(Provision) recoverable from provision doubtful loans	7	(1,410)	36
Provision for doubtful rents		(496)	(177)
Other revenues (expenses), net	_	325	(598)
	_	363,330	319,008
Expenses - General and administrative expenses	23 _	(3,313)	(3,547)
Surplus of revenues over expenses for the year before income tax		360,017	315,461
Income tax expense	26 _	(310)	(393)
Surplus of revenues over expenses for the year	_	359,707	315,068



		2017	2016
Surplus of revenues over e	expenses for the year	359,707	315,068
•	ve income items not to be reclassified ses in subsequent periods		
Change in financial assets comprehensive income	J	(52,716)	(177,575) 137,493
Total comprehensive inc	ome for the year	306,	<u> </u>



SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND STATEMENT OF CHANGES IN SOCIAL SECURITY CORPORATION EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

	Note	Social Security Corporation current account	Social Security Corporation current account – unemployment fund	Fair value reserve, net	Surplus of revenues over accumulated expenses	Total
2017-						
Balance at 1 January 2017		4,732,793	236,114	414,790	2,937,677	8,321,374
Surplus of revenues over expenses for the year		-	-	-	359,707	359,707
Change in financial assets of fair value through other comprehensive income		-	-	(52,716)	-	(52,716)
Total comprehensive income for the year		-	-	(52,716)	359,707	306,991
Realized losses from sale of financial assets through other comprehensive income		-	-	738	(738)	-
Cash transferred during the year, net		560,084	45,498	-	-	605,582
Unemployment funds share of the investment funds return	18	-	11,417	-	(11,417)	-
Balance at 31 December 2017		5,292,877	293,029	362,812	3,285,229	9,233,947
2016-						
Balance at 1 January 2016		4,216,891	184,951	535,760	2,687,929	7,625,531
Surplus of revenues over expenses for the year		-	-	-	315,068	315,068
Change in financial assets of fair value through other comprehensive income		-	-	(177,575)	-	(177,575)
Total comprehensive income for the year		-	-	(177,575)	315,068	137,493
Realized losses from sale of financial assets through other comprehensive income		-	-	56,605	(56,605)	-
Cash transferred during the year, net		515,902	42,448	-	-	558,350
Unemployment funds share of the investment funds return	18	-	8,715	-	(8,715)	-
Balance at 31 December 2016		4,732,793	236,114	414,790	2,937,677	8,321,374



Notes	2017	2016
	360,017	315,461
15	85	83
20	440	(3,256)
	` ,	(41)
15		-
	,	(36)
		177
,	•	(19,530)
21	(378)	-
	(168,481)	197,909
	(2,014)	(4,755)
	(26,372)	(3,466)
	(33)	(28,431)
	(413)	(13,477)
	173,781	440,638
26	(388)	(477)
-	173,393	440,161
	(63,029)	(7,207)
	9,231	(66,891)
	(785,530)	(771,983)
	(271)	(2,041)
12	(5,897)	(22,884)
15	(57)	(32)
	-	(2,810)
	-	(1,004)
-	(845,553)	(874,852)
=	605,178	558,542
=	605,178	558,542
	(66,982)	123,851
<u>.</u>		578,483
24	635,352	702,334
	15 20 20 15 21, 12 21	360,017 15 85 20 440 20 (270) 15 323 1,410 496 21, 12 8,971 21 (378) (168,481) (2,014) (26,372) (33) (413) 173,781 26 (388) 173,393 (63,029) 9,231 (785,530) (271) 12 (5,897) 15 (57) - (845,553) 605,178 605,178 666,982) 702,334



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017
(IN THOUSANDS OF JORDANIAN DINARS)

(1) GENERAL

Social Security Investment Fund was established in accordance with 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.

In accordance with Social Security temporary law No. (7) For the year 2010 the name of the investment fund was modified to become "Social Security Investment Fund" "The Fund". The fund's registered address is 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 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.
- 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 financial statements of the Social Security Investment Fund for the year 2017 have been approved by the Board of Investment on its meeting held on 29 April 2018.

These financial statement represent the separate financial statements, the consolidated financial statements have been issued on 29 July 2018.

(2) ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

The separate financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). Issued by the International Accounting Standard Board (IASB).

The financial statements have been prepared in accordance with historical cost convention, expect for the financial assets at fair value through statement of revenues and expenses, financial assets at fair value through other comprehensive income, investment properties and investment in subsidiaries and associates which have been measured at fair value at the date of these financial statements.

The financial statements have been presented in Jordanian Dinars "JD" which is the functional currency of the fund, all amounts are rounded to the nearest thousand Jordanian Dinars unless otherwise stated.

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2017
(IN THOUSANDS OF JORDANIAN DINARS)

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except that the Fund has applied the following amendments starting 1 January 2017:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Fund's consolidated financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Fund's consolidated financial statements.

(2-3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial assets at amortized cost

Financial assets that the funds management aims, according to its business model to hold the assets to collect their contractual cash flows and that the contractual terms of the financial asset give rise, on specified dates, to cash flows constituting solely principal and interest on the outstanding principal amounts.

Debt instruments meeting these criteria are initially measured at amortized cost plus transaction costs. Subsequently they are amortized using the effective interest rate method less allowance for impairment. The losses arising from impairment are recognized in the 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.

Financial assets at fair value through statement of revenues and expenses

These assets represent investments in the 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 revenues and expenses are initially measured at cost, 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 statement of revenues and expenses. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the statement of revenues and expenses.

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



SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE FINANCIAL STATEMENTS
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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 measured 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 at the statement of comprehensive income and in the statement of changes in equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings and not through the statement of revenues and expenses.

These financial assets are not subject to impairment testing.

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

Investments in associates

An associate is an entity over which the fund has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee. The fund hold a rate between 20% to 50% of voting sight. Investment in associates are stated at fair value.

Investment in subsidiaries

The subsidiaries are entities controlled by the fund and control is achieved when the fund is exposed to the variable returns arising from an investment in subsidiaries have rights in such proceeds and are able to influence such refers its authority over these subsidiaries investment in subsidiaries at fair value.

Investments in hotels

Investments in hotels is stated at cost and the assets of these hotels are included in their respective financial statement and reversed in the consolidated financial statements of the fund.

Loans and granted debts

Provision for impairment of direct loans and granted debts is recognized when there is an objective event that has a negative impact on the estimated future cash flows of the facilities and that can be reliably estimated. The impairment is charged to the statement of revenues and expenses.

Interest and commissions on the non-performing and doubtful granted loans and debts are suspended.

Loans and the related provision for impairment are written off when collection procedures become ineffective according to the applicable regulations through deduction from the booked provision. The excess in the allowance of possible loan losses, if any, is transferred to statement of revenues and expenses, and cash recoveries of loans previously written off are credited to income.



Fair value

The fund evaluates its financial instruments such as financial assets at fair value through other comprehensive income and the financial assets at fair value through statement of revenues and expenses statement at the date of the financial statements.

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. In the absence of a principal market, most advantageous market for the asset or liability is used.

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.

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

The fund 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 financial statements are categorised 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.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2017

(IN THOUSANDS OF JORDANIAN DINARS)

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), when the assets become ready to use. Depreciation rates used are as follows

	%
Buildings	2
Machines, equipment and furniture	10-15
Vehicles	15
Computers	25
Computers software	25

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 recognised in the statement of revenues and expenses.

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.

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 financial statements.

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

Investment properties are valued using assumptions that reflects the market prices using the average valuation amounts for five real estate experts after excluding the highest and lowest valuations.

Revenue and expense recognition

Revenues and expenses are recognized on an accrual basis, except for interest and commissions of nonperforming loans which are not recognized as revenue and are recorded as interest in suspense account.

Dividend income is recognised when it is realized (declared and approved by the Shareholders' General Assembly).



Recognition of financial assets

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

Repurchase and resale agreements

Assets sold with a corresponding commitment to repurchase them at a future date continue to be recognised in the financial statements as a result of the Fund's continuous control over these assets and as the related risks and benefits are transferred to the Fund 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 purchase price is recognised as an interest expense amortized over the contract period using the effective interest rate.

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 separate 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 the tax rates prescribed according to the prevailing laws, regulations and instructions of the Hashemite kingdom of Jordan. Social Security Corporation revenues is exempted from income tax by law.
- Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
- Deferred tax assets and liabilities are reviewed as of the date of the separate financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

Foreign currencies

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 statement of financial position as declared by the Central Bank of Jordan.

Gains or losses resulting from foreign currency translation are charged to the statement of revenues and

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



(In Thousands of Jordanian Dinars)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with central banks and balances with banks and financial institutions maturing within three months.

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 fund according to the percentage of ownership.

Offsetting

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

(3) USE OF ESTIMATES

The preparation of the 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.

(4) CASH AND BANK BALANCES

This item consists of the following:

	2017	2016
Current accounts and demand deposits*	495	106,579
	495	106,579

- * This item includes the amount of JD 8 thousand current accounts rating to the unemployment fund as at 31 December 2017 (31 December 2016: JD 6,405 thousand).
- As at 31 December 2017, current account do not include any balance with foreign banks and financial institutions (31 December 2016: JD 5 thousand).
- There were no restricted balances as at 31 December 2017 and 2016.

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

5) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	2017	2016
Deposits maturing within 3 months or less	634,857	595,755
Deposits maturing within 3 to 6 months	315,742	147,261
Deposits maturing within 6 to 12 months	11,700	11,700
	962,299	754,716

- Interest rates on Jordanian Dinar deposits range between 2.75% to 5.5% for the year ended 31 December 2017 and from 2.35% to 4.5% for the year ended at 31 December 2016.
- There are no balances with foreign banks and financial institutions and there are no restricted balances as at 31 December 2017 and 2016.
- Deposits include an amount of JD 131 Million this amount represents deposits against the mortgage of government bonds for the benefit of the Fund held at Societe Generale Bank Jordan.

(6) FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF REVENUE AND EXPENSE

This item consists of the following:

Quoted shares	2017	2016
Local	126,348	124,483
Foreign	9,422	9,443
	135,770	133,926

(7) LOANS AND GRANTED DEBTS, NET

This item consists of the following:

	2017	2016
Direct loans	176,672	114,171
Syndicated loans	55,125	54,597
Housing and other loans	8	10
	231,805	168,778
Impaired provision for loans and granted debts	(2,168)	(760)
	229,637	168,018

The movement on provision for impaired loans and granted debts is as follows:

	2017	2016
Balance at the beginning of the year	760	808
Provision (recoverable during) the year	1,410	(36)
Recovered from provisions	(2)	(12)
Balance at the end of the year	2,168	760



SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017
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The table below illustrates interest rates, maturity dates, and collaterals for the aforementioned loans:

			The maturity date of	
	Balance	Interest rate	the last installment	Guarantees
		%		
Direct loans	176,672	1 - 8.37	31 December 2040	Governmental, real estates, legal
Syndicated loans	55,125	4.96 - 9	18 October 2025	Governmental, pledge of shares, legal
Housing and other loans	8			Real estate
	231,805			

Non-performing loans and debts amounted of JD 2,168 thousand representing 0.94% of loans and granted debts as at 31 December 2017 compared of JD 760 thousand representing 0.45% of loans and granted debts at 31 December 2016. A provision was provided for against the full amount.

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

This item consists of the following:

	2017	2016
Quoted shares in local financial markets	1,274,373	1,301,385
Non-quoted shares in local financial markets	54,322	70,360
Other financial assets:		
Investments in mutual fund (USD)*	11,638	18,956
	1,340,333	1,390,701

Quoted Financial Assets at fair value though other comprehensive income distributed according to sectors:

This item consists of the following:

	Rate	2017	Rate	2016
	%		%	
Banking sector	82.3	1,049,164	81.5	1,060,487
Manufacturing sector	14.9	190,038	15.8	205,850
Services sector	2.6	32,668	2.5	32,293
Insurance sector	0.2	2,503	0.2	2,755
		1,274,373	_	1,301,385



(9) INVESTMENTS IN SUBSIDIARIES

(In Thousands of Jordanian Dinars)

This item consists the following:

	Number of					
	shares		Ownership			
Company name	capital	Ownership	percentage	Nature of Business	2017	2016
			%			
Listed in Amman stock exchange*						
Jordan Duty Free Company**	7,500,000	4,237,002	56.5	Duty free	141,940	88,553
Jordan Press foundation (Al-Rai)	10,000,000	5,492,000	54.9	Press and publishing	2,471	4,284
Al-Daman for Investment Company	10,000,000	6,140,000	61.4	Investment	6,140	6,140
					150,551	98,977
Non-listed*						
National company for Tourism Development	2,050,000	2,050,000	100	Tourism	25,490	37,618
Rama for Investment and saving	560,000	560,000	100	Investment	2,256	2,891
United Traveling Centers LCC	4,654,339	4,654,339	100	Rental services	3,421	3,792
Daman for Energy Investment	20,000,000	20,000,000	100	Energy Investment	70,062	70,045
Al Daman for zone development	40,000,000	40,000,000	100	Investment	35,480	35,442
Jordan Daman Company for International Business Co.	100,000	100,000	100	Investment	-	-
Daman for Finance Leasing	100,000	100,000	100	Finance leasing	90	100
Daman for Hotel Transport Services	100,000	100,000	100	Tourism	95	100
	•	,			136,894	149,988
					287,445	248,965
					· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·

^{*} Current investment in subsidiaries and non-current investment are stated at fair value at the financial statements date.

^{**} The Board of Directors of Jordan Duty free PLC decided in its extraordinary meeting held on 21 December 2017 to increase the share capital of the company from JD 7.5 million/share to JD 22.5 million/share by capitalizing JD 15 million/share from the retained earnings and voluntary reserve accounts. These were distributed as free shares to existing shareholders depending on their pervious ownership percentage. The Company obtained approval from the Companies Control Department on 27 December 2017 and the shares were distributed on 12 January 2018. After the completion of the procedure and the approval of the Securities Authority. The number of shares owned by the Fund in Jordan Duty Free company become JD 12.7 million/share with an ownership percentage of 56.5%.



(In Thousands of Jordanian Dinars)

(10) INVESTMENTS IN ASSOCIATES

This item consists the following:

Company Name	Number of shares capital	No. of shares owned by the fund	Ownership percentage	Nature of Business	2017	2016
			%			
Listed in Amman stock exchange:						
Jordan Cement Factories	60,444,460	13,197,226	21.8	Construction	15,969	20,588
Jordan Petroleum Refinery Co.	100,000,000	20,140,624	20.1	Petrochemical	51,560	68,881
Jordan Kuwait Bank	100,000,000	21,041,644	21	Banking	73,646	82,904
Jordan Worsted Mills Factories	15,000,000	3,000,000	20	Textiles	10,080	11,910
Jordan Telecommunication Co.	187,500,000	54,150,000	28.9	Telecommunication	115,881	125,087
Jordan Electricity Company**	83,572,965	17,938,626	21.5	Energy	31,751	40,144
					298,887	349,514
Non-listed:						_
Pace Industrial Development and Investment Company*	1,400,000	700,000	50	Investment	-	-
Arab Engineering Industries*	1,816,990	376,363	20.7	Engineering	-	-
Monya Company for Resorts	20,000,000	5,200,000	26	Investment	-	-
South of Dead Sea Development Co.	17,000,000	5,100,000	30	Investment	8,846	8,007
		•			8,846	8,007
					307,733	357,521

^{*} These investments are recorded at JD 1.

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2017

(In Thousands of Jordanian Dinars)

(11) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

······g·			
	Average interest rates	2017	2016
	%		
A- Government and public institution bonds			
Treasury bonds*	2.76 - 7.99	4,784,567	4,081,227
Public institution bonds	3.97 - 7.70	81,686	54,511
		4,866,253	4,135,738
B- Bonds, debts and other securities			
Private companies bonds and debts	2.65 - 8.90	104,082	49,067
Provision for doubtful bonds		(567)	(567)
		103,515	48,500
		4,969,768	4,184,238
Private companies bonds and debts	2.65 – 8.90	(567) 103,515	(567 48,50

^{*} This item includes an amount of JD 289,111 thousand as of 31 December 2017 which represents bonds for the unemployment fund (31 December 2016: JD 226,976 thousand).

2017

2016

Financial assets maturities range from one month to 15 years.

(12) INVESTMENT PROPERTIES

This item consists of f the following:

565,314	565,398
13,804	13,742
579,118	579,140
2017	2016
579,140	536,451
8,162	22,884
(1,887)	-
404	(192)
2,270	-
-	434
(8,971)	19,530
-	33
579,118	579,140
	13,804 579,118 2017 579,140 8,162 (1,887) 404 2,270 - (8,971)

^{**} The General Assembly of the shareholders of Jordan Electricity Company decided at its ordinary meeting held on April 27 2017 to increase the company's capital from JD 77.4 million/share to JD 83.5 million/share by capitalizing JD 6 million/share of retained earnings and distributing free shares to the shareholders of the Company. The Company received the approval of the Securities Authority on 14 May 2017. The issuance and distribution of free shares to shareholders commenced on 25 May 2017 after the completion of the legal procedures. The number of shares owned by social security investment fund in Jordan Electricity company become JD 17.9 million as at 31 December 2017.

⁻ Current investments in associates and non-current investments are stated at fair value at the financial statements date.



(In Thousands of Jordanian Dinars)

(12) INVESTMENT PROPERTIES (CONTINUED)

- * During 2017 the remaining part of the Social Security administrative building of the Social Security Corporation in Al-Zarqa was transferred to the Investment properties in the Fund's book.
- ** During 2017 the Zahran adminstrative's land and buildings were transferred from property and equipment to investment properties.

(13) INVESTMENT IN JOINT OPERATIONS

This item represents investment in joint operations with the housing and urban development Corporation for the purpose of developing lands. The housing and urban development corporation sold part of these lands, however, ownership was not transferred to the buyers. Thus, amounts received were recognized as deferred revenue, the Fund recognizes these amounts as revenues in the statement of revenue and expenses when ownership is transferred. Furthermore, the investments in joint operations is stated at cost as at 31 December 2017, the details of the operations were as follows:

	2017	2016
Al-Zaytuna project (1)*	1,004	1,004
Al-Zaytuna project (2)	997	997
	2,001	2,001

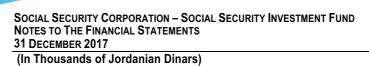
* It is expected that during 2018, the project will be transferred to investment properties.

(14) INVESTMENT IN HOTELS

This item consists of the following:

	2017	2016
Crown Plaza Hotel-Amman	31,307	31,307
Crown Plaza resort- Petra	13,715	13,715
Inter-Continental resort-Aqaba	55,688	55,688
Amman Cham palace Hotel- Amman	9,493	9,493
Crown Plaza Resort-Dead sea	94,908	94,908
Holiday Inn resort- Dead sea	45,153	45,153
	250,264	250,264

Investment in hotels are stated at cost and the assets of these hotels are depreciated in their respective financial statement and consolidate these investment in the consolidated financial statements of the fund.



(15) PROPERTY AND EQUIPMENT, NET

This item consists of the following:

			Machinery				
			equipment and				
	Land	Buildings	furniture	Vehicles	Computers	Software	Total
2017 -							
Cost:							
Balance at the beginning of the year	958	1,732	158	153	308	419	3,728
Additions	-	-	31	-	21	14	66
Disposal	-	-	(20)	-	(37)	-	(57)
Transfers to investment properties (Note 12)*	(958)	(1,312)	<u> </u>		<u> </u>	<u>-</u>	(2,270)
Balance at the end of the year		420	169	153	292	433	1,467
Accumulated depreciation and impairment:							
Balance at the beginning of the year	-	61	100	141	264	403	969
Depreciation for the year	-	36	20	1	22	6	85
Disposal	-	-	(20)	-	(28)	-	(48)
Impairment loss		323		<u> </u>	<u> </u>		323
Balance at the end of the year		420	100	142	258	409	1,329
Net book value at 31 December 2017		<u> </u>	69	11	34	24	138

- * During 2017 Zahran adminstrative's land and building was transferred to investment in properties.
- The balance of property and equipment were fully depreciated amounted by JD 726 thousand as at 31 December 2017.



(In Thousands of Jordanian Dinars)

Machinery

			equipment and			Computer	
	Land	Buildings	furniture	Vehicles	Computers	Software	Total
2016 -		_					
Cost:							
Balance at the beginning of the year	958	1,732	153	147	301	405	3,696
Additions	-	-	5	6	7	14	32
Disposal	-	-	-	-	-		
Balance at the end of the year	958	1,732	158	153	308	419	3,728
Accumulated depreciation and impairment:							
Balance at the beginning of the year	-	27	80	139	242	398	886
Depreciation for the year	-	34	20	2	22	5	83
Disposal	-	-	-	-	-	-	-
Balance at the end of the year	-	61	100	141	264	403	969
Net book value at 31 December 2016	958	1,671	58	12	44	16	2,759

- The balance of property and equipment were fully depreciated amounted to JD 791 thousand as of 31 December 2016.



(In Thousands of Jordanian Dinars)

(16) OTHER ASSETS

This item consists of the following:

	2017	2016
Accrued interest*	83,609	57,668
Project under progress**	40,819	39,491
Housing fund secretariats	3,096	3,247
Advance payments for land purchase	1,128	939
Receivables and fines of lesses	988	1,389
Others	240	774
	129,880	103,508

- * This item includes an amount of JD 3,980 thousand as of 31 December 2017, which represents accrued interest for unemployment fund (31 December 2016: JD 2,733 thousand)
- ** This item includes an amount of JD 32,122 thousand representing the value of the beach tourism project. The investment council took a decision to operate the beach by one of the international management companies during the year 2018.

(17) OTHER LIABILITIES

This item consists of the following:

	2017	2016
Deferred revenues	1,019	950
Broker's payables	-	91
Sales Tax Provision*	1,087	1,087
Others	1,417	1,312
	3,523	3,440

^{*} A provision has been made for the sales tax imposed previously on the investment sites in order to address the issue concerning these sites.



(In Thousands of Jordanian Dinars)

(18) SOCIAL SECURITY CORPORATION CURRENT ACCOUNT, UNEMPLOYMENT FUND

Based on the Corporation's Board of Directors' decision No. 14/2013 dated February 4, 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 to be invested in Jordanian treasury bonds based on the decision of the Board of Investment, on 26 June 2013.

Movements during the years 2017 and 2016 were as follows:

	2017	2016
Balance at the beginning of the year	236,114	184,951
Unemployment Fund's share of amounts transferred from the Corporation	45,498	42,448
Transferred to the unemployment fund from the investment fund returns		
for the year	11,417	8,715
Balance at the end of the year	293,029	236,114

(19) INTEREST INCOME

This item consists of the following:

	2017	2016
Interest of balances and deposits at banks and financial institutions*	38,801	28,036
Interest of bonds and treasury bills*	233,791	183,397
Interest of loans and debts granted	9,634	8,645
	282,226	220,078

These items includes an amount of JD 11,437 thousand as of 31 December 2017 which represents interest income of the unemployed fund (31 December 2016: by JD 8,714 thousand)

(20) (LOSSES) GAINS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH REVENUES AND EXPENSES, NET

This item consists of the following:

	2017	2016
	070	4.4
Realized gains	270	41
Unrealized revaluation (losses) gains	(440)	3,256
Commission on purchasing and selling financial assets at fair value		
through revenues and expenses		(21)
	(170)	3,276

SOCIAL SECURITY CORPORATION - SOCIAL SECURITY INVESTMENT FUND **NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2017**

(In Thousands of Jordanian Dinars)

(LOSSES) GAIN ON INVESTMENT PROPERTIES - NET

This item consists of the following:

	2017	2016
Revenues:		
Leased properties revenue	1,662	1,628
Gain on sale of investment properties	378	-
Gain on investment properties/ lawsuits	2,931	-
Expenses:		
Management fees, valuation and other expenses	(289)	(359)
Change in fair value :		
(Loss) gain on valuation of investment properties at fair value (Note 12)	(8,971)	19,530
	(4,289)	20,799

This item consists of the following:

	2017	2016
Dividends distribution from subsidiaries	9,321	7,722
Dividends distribution from associates	15,100	12,689
Dividends distribution on financial assets through other comprehensive income	56,130	49,487
Dividends distribution on financial assets through the statement of revenues		
and expenses	6,916	5,696
	87,467	75,594



(In Thousands of Jordanian Dinars)

(23) GENERAL AND ADMINISTRATIVE EXPENSES

Current accounts and demand deposits (Note 4)

Deposits maturing within three months or less (Note 5)

This item consists of the following:

-	2017	2016
	4.040	4.000
Salaries and wages	1,846	1,693
Incentives and rewards	365	321
Contribution to social security	243	212
Professional fees and legal and technical consultancy	193	686
Electricity, water and Fuel	97	92
Depreciations Note (15)	85	83
Rewards the members of the investment council	79	67
Transportation	48	45
Subscriptions	47	55
Cleanliness	30	27
Stationery	30	25
Reward of committees of the council	29	43
Maintenance and support of software	26	27
Advertising and public relations	25	13
Training and courses	22	25
Insurance	22	13
Contribution to the saving fund	14	11
Telephone, mail and internet	14	13
General maintenance	11	8
Bank charges	4	5
Daily wages and external travel	1	2
Others	82	81
	3,313	3,547
(24) CASH AND CASH EQUIVALENTS		
This item consists of the following:		
	2017	2016



(In Thousands of Jordanian Dinars)

(25) RELATED PARTIES TRANSACTIONS

The Fund entered into transactions with associates and subsidiaries in its normal course of business with normal pricing, policies and terms. All loans granted to related parties are considered performing loans and no provisions were taken against these loans.

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

sidiaries A	ssociates	Total	Total
-	88	88	3
-	40,479	40,479	-
287,445	307,733	595,178	606,486
250,264	-	250,264	250,264
10,421	-	10,421	10,251
3	-	3	-
-	-	-	2,209
32,607	-	32,607	30,536
-	-	-	-
-	-	-	1
	<u>-</u> _	<u>-</u>	1
43,031	- _	43,031	42,998
51,060	-	51,060	51,060
35,164	-	35,164	-
-	-	40,000	20,000
19,510	-	19,510	-
	- - - 287,445 250,264 10,421 3 - 32,607 - - - - 43,031	- 88 - 40,479 287,445 307,733 250,264 - 10,421 - 3 32,607 43,031 - 51,060 - 35,164	- 88 88 - 40,479 40,479 287,445 307,733 595,178 250,264 - 250,264 10,421 - 10,421 3 - 3 32,607 - 32,607 43,031 - 43,031 51,060 - 51,060 35,164 - 35,164 40,000

150

495

634,857

635,352

106,579

595,755

702,334



(In Thousands of Jordanian Dinars)

	2017					2016
Elements of the statements of revenues and expenses	Parent Company	Subsidiaries	Associates	Other	Total	Total
Interest-						
Current account with Jordan Kuwait Bank	-	-	13	-	13	36
Deposits with Jordan Kuwait Bank	-	-	651	-	651	-
Kingdom Electricity Company Ioan	-	949	-	-	949	-
Al-Daman for finance leasing loan	-	683	-	-	683	-
Al-Daman for international investment loan	-	1,545	-	-	1,545	-
Social security corporation	1,320	-	-	-	1,320	-
Dividends Income-						
Daman for investment	-	-	-	-	-	307
Jordan duty free shops PLC	-	9,321	-	-	9,321	7,415
Jordan electricity power Company	-	-	915	-	915	-
Daman for energy investment	-	-	-	-	-	1,511
Jordan Petroleum refinery Co. LTD	-	-	4,028	-	4,028	750
Jordan Worsted Milles	-	-	750	-	750	4,620
Jordan Telecom Group	-	-	5,198	-	5,198	4,208
Jordan Kuwait Bank	-	-	4,208	-	4,208	4,208
Executive management salaries and						
remuneration	-	-	-	812	812	694
Investment Board remuneration	-	-	-	108	108	110

- This item includes the cost of purchasing Al-Muthalathya land in Aqaba with an amount of JD 9.9 million, the amount was paid by the Social Security Investment Fund and the registration of ownership in the name of the national company for tourism development.
- ** The Fund transferred the amount due from Jordanian Daman for International Operations to a loan with a fixed annual interest rate of 1%.

(26) INCOME TAX

Movements on income tax provision is as follows for the years ending 31 December 2017 and 2016:

	2017	2016
Balance at the beginning of the year	520	604
Provision for the year	310	393
Income tax paid	(388)	(477)
Balance at the end of the year	442	520

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(26) INCOME TAX (CONTINUED)

Income tax provision for the year ended 31 December 2017 has been calculated in accordance with income tax law No. (34) of 2014. Management believes that the provision amounting to JD 442 Thousand is sufficient and there is no need to recognize additional provision. Noting that most of the fund activities are tax exempted in accordance with Income Tax Law.

The fund submitted its tax declarations for the years 2015 and 2016. The Income Tax Department has not reviewed the records up to the date of the consolidated financial statements.

The fund obtained a final income tax clearance from the Income Tax Department up to the year 2014.

(27) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, deposits at banks, financial assets at fair value through revenues and expenses, loans and granted debts, financial assets at fair value through other comprehensive income, investments in associates and subsidiaries, financial assets at amortized cost ,due from related parties, investment properties, investments in joint operations, Investment in hotels and other assets. Financial liabilities consist other liabilities.

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

(28) RISK MANAGEMENT

The Fund 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 Fund monitors the risks and the handle the variances that exceed the allowable limits.

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

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



CREDIT RISK

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation.

The Fund performs necessary financial and credit analysis when acquiring any bonds for public or private shareholding companies or when granting loans. The Fund sets deposit ceiling for the local banks based on defined methodology and the credit rating of the bank in addition to setting a ceiling for the volume of transactions with the 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 Fund issues policies and procedures to ensure proper execution of the transactions in addition to providing the best information systems and specialized technical personnel and to develop plans to maintain business continuity under any emergency circumstances.

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 Fund measures the risk through known statically measures (standard deviation, variance and covariance, coherence, beta, value at risk) and thus determines levels of acceptable risks based on approved strategic investment policy.

To mitigate the impact of such risks, especially in the absence of necessary hedging instruments, the Fund 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 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 Fund manages such risk through increasing or decreasing the recovery period of the investment instrument portfolio which is affected directly by the interest rates such as deposits and bonds based on the Fund expectations of interest rate trends.



(In Thousands of Jordanian Dinars)

The Fund 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 Fund's liabilities.

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

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

Curronov	Increase in interest rate	Impact on surplus of revenue over expenses for the year
Currency	%	lor the year
2017-	70	
JD USD	1 1	60,942 680
2016-		
JD USD	1 1	51,427 750

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



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The sensitivity of interest rates is as follows:

				More than six	More than			
	Up to one	one to three	three to	months up to	One year up	More than	Non-interest	
<u> 2017 - </u>	month	months	six months	a year	to three years	three years	bearing	Total
Assets								
Cash and Bank balances	495	-	-	-	-	-	-	495
Deposits at bank and financial institutions	338,758	296,099	315,742	11,700	-	-	-	962,299
Financial assets at fair value through statement of revenue								
and expense	-	-	-	-	-	-	135,770	135,770
Loans and granted debts, net	4,006	2,039	1,198	7,248	57,321	157,825	-	229,637
Financial asset at fair value through								
comprehensive income	-	-	-	-	-	-	1,340,333	1,340,333
Investments in subsidiaries	-	-	-	-	-	-	287,445	287,445
Investments in associates	-	-	-	-	-	-	307,733	307,733
Financial assets at amortized cost	-	40,992	103,589	518,158	1,522,667	2,784,362	-	4,969,768
Due from related parties	-	-	-	-	-	-	43,031	43,031
Investment in properties	-	-	-	-	-	-	579,118	579,118
Investments in joint operations	-	-	-	-	-	-	2,001	2,001
Investment in Hotels	-	-	-	-	-	-	250,264	250,264
Property and equipment, net	-	-	-	-	-	-	138	138
Other assets				-			129,880	129,880
Total Asset	343,259	339,130	420,529	537,106	1,579,988	2,942,187	3,075,713	9,237,912
Social security corporation equity and Liabilities								
Social security corporation equity -								
Social security corporation current account	-	-	-	-	-	-	5,292,877	5,292,877
Social security corporation current account -unemployment								
fund	-	-	-	-	-	-	293,029	293,029
Fair value reserve, net	-	-	-	-	-	-	362,812	362,812
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	3,285,229	3,285,229
Total social security corporation equity							9,233,947	9,233,947
Liabilities - Other liabilities	70	20		4 200		2,105		3,523
	70	20	-	1,328	-	2,105	-	
Income tax provision Total liabilities				442				442
	70	20		1,770		2,105		3,965
Total social security corporation equity and Liabilities								
Sensitivity variance	70	20	-	1,770	-	2,105	9,233,947	9,237,912
	343,189	339,110	420,529	535,336	1,579,988	2,940,082	(6,158,234)	

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<u> 2016 - </u>	Up to one month	one to three months	three to	More than six months up to a year	More than One year up to three years	More than three years	Non-interest bearing	Total
<u>Assets</u>								
Cash and Bank balances	106,579	-	-	-	-	-	-	106,579
Deposits at bank and financial institutions	269,606	326,149	147,261	11,700	-	-	-	754,716
Financial assets at fair value through statement of revenue								
and expense	-	2,669	-	-	-	-	133,926	133,926
Loans and granted debts, net	6,356	-	3,238	10,229	33,976	111,550	-	168,018
Financial asset at fair value through								
comprehensive income	-	-	-	-	-	-	1,390,701	1,390,701
Investments in subsidiaries	-	-	-	-	-	-	248,965	248,965
Investments in associates	-	100,762	-	-	-	-	357,521	357,521
Financial assets at amortized cost	13,000	-	150,511	151,760	1,686,774	2,081,431	-	4,184,238
Due from related parties	-	-	-	-	-	-	42,998	42,998
Investment in properties	-	-	-	-	-	-	579,140	579,140
Investments in joint operations	-	-	-	-	-		2,001	2,001
Investment in Hotels	-	-	-	-	-	-	250,264	250,264
Property and equipment, net	-	-	-	-	-		2,759	2,759
Other assets	-	-	-	-	-	-	103,508	103,508
Total Asset	395,541	429,580	301,010	173,689	1,720,750	2,192,981	3,111,783	8.325.334
Social security corporation equity and Liabilities Social security corporation equity - Social security corporation current account Social security corporation current account— unemployment fund Fair value reserve, net Surplus of revenues over accumulated expenses	- - -		- - -	- - -			4,732,793 236,114 414,790 2,937,677	4,732,793 236,114 414,790 2,937,677
Total social security corporation equity	-	-		-	-	-	8,321,374	8,321,374
Liabilities -								
Other liabilities	-	-	-	-	-	-	3,440	3,440
Income tax provision							520	520
Total liabilities	-	-	-	-	-	-	3,960	3,960
							8,325,334	
Total social security corporation equity and Liabilities	-	-	-	-				8,325,334
Total social security corporation equity and Liabilities Sensitivity difference	-	-	-	-	_	_	-	8,325,334
	395,541	429,580	301,010	173,689	1,720,750	2,192,981		8,325,334 - -



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SHARE PRICE RISK

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

The following table demonstrates the sensitivity of the statement of revenues and expenses (financial assets at fair value through statement of revenues and expenses) and fair value reserve (financial at fair value through other comprehensive income) as a result of reasonable changes in share prices, assuming that other variables held constant.

2017-	Change in indicator	Effect on surplus of revenue over expenses for the year	Effect on social security corporation equity
Indicator			
Amman stock exchange	5	6,317	92,508
Palestine stock exchange	5	471	471
		6,788	92,979
2016-			
Indicator			
Amman stock exchange	5	6,224	93,718
Palestine stock exchange	5	519	519
		6,743	94,237

The effect of decreases in share prices with the same percentage is expected to be equal and opposite to the effect of the 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 Fund'd functional currency is the Jordanian Dinars, and US Dollar is considered as the base currency for foreign investments. Therefore, due to the fact the Jordanian Dinar is fixed against the US Dollar, the Fund is not exposed to significant currencies risk in relation to the US Dollar. Furthermore, the Fund does not have any obligations in foreign currencies, accordingly, no hedging were performed against their obligations.

LIQUIDITY RISK

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

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

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

<u> 2017 - </u>	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non interest bearing	Total
Assets								
Cash and Bank balances	495	-	-	-	-	-	-	495
Deposits at bank and financial institutions	338,758	296,099	315,742	11,700	-	-	-	962,299
Financial assets at fair value through statement of								
revenue								
and expense	-	-	-	-	-	-	135,770	135,770
Loans and granted debts, net	4,006	2,039	1,198	7,248	57,321	157,825	-	229,637
Financial asset at fair value through comprehensive	-	-	-	-	-	-		
income							1,340,333	1,340,333
Investments in subsidiaries	-	-	-	-	-	-	287,445	287,445
Investments in associates	-	-	-	-	-	-	307,733	307,733
Financial assets at amortized cost	-	40,992	103,589	518,158	1,522,667	2,784,362	-	4,969,768
Due from related parties	-	-	-	-	-	-	43,031	43,031
Investment properties	-	-	-	-	-	-	579,118	579,118
Investments in joint operations	-	-	-	-	-	-	2,001	2,001
Investment in hotels	-	-	-	-	-	-	250,264	250,264
Property and equipment, net	-	-	-	-	-	-	138	138
Other assets	-	-	-	-	-	-	129,880	129,880
Total Asset	343,259	339,130	420,529	537,106	1,579,988	2,942,187	3,075,713	9,237,912
Social security corporation equity and Liabilities								
Social security corporation equity -							5,292,877	5,292,877
Social security corporation current account Social security corporation current account –	-	-	-	-	-	-	5,252,011	5,232,011
unemployment fund		_		_			293,029	293,029
Fair value reserve, net	-	-	-	_	-	=	362,812	362,812
Surplus of revenues over accumulated							302,012	302,012
expenses	_	_	_	-	_	_	3,285,229	3,285,229
Total Social Security Corporation equity							9,233,947	9,233,947
Total occurry corporation equity							0,200,041	0,200,041
Liabilities -								
Other liabilities	70	20	-	1,328	-	2,105	-	3,523
Income tax provision	-	-	-	442	-	-	-	442
Total liabilities	70	20		1,770		2,105		3,965
Total social security corporation equity								

9,233,947 9,237,912

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and Liabilities



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2016	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
<u>Assets</u>								
Cash and Bank balances	106,579	-	-	-	-	-	-	106,579
Deposits at bank and financial institutions	269,606	326,149	147,261	11,700	-	-	-	754,716
Financial assets at fair value through statement of revenue								
and expense	-	-	-	-	-	-	133,926	133,926
Loans and granted debts, net	6,356	2,669	3,238	10,229	33,976	111,550	-	168,018
Financial asset at fair value through comprehensive income	-	-	-	-	-	-	1,390,701	1,390,701
Investments in subsidiaries	-	-	-	-	-	-	248,965	248,965
Investments in associates	-	-	-	-	-	-	357,521	357,521
Financial assets at amortized cost	13,000	100,762	150,511	151,760	1,686,774	2,081,431	-	4,184,238
Due from related parties	-	-	-	-	-	-	42,998	42,998
Investment properties	-	-	-	-	-	-	579,140	579,140
Investments in joint operations	-	-	-	-	-	-	2,001	2,001
Investment in hotels	-	-	-	-	-	-	250,264	250,264
Property and equipment, net	-	-	-	-	-	-	2,759	2,759
Other assets							103,508	103,508
Total Asset	395,541	429,580	301,010	173,689	1,720,750	2,192,981	3,111,783	8,325,334
Social security corporation equity and Liabilities Social security corporation equity -								
Social security corporation current account	-	-	-	-	-	-	4,732,793	4,732,793
Social security corporation current account – unemployment								
fund	-	-	-	-	-	-	236,114	236,114
Fair value reserve, net	-	-	-	-	-	-	414,790	414,790
Surplus of revenues over accumulated expenses							2,937,677	2,937,677
Total Social Security Corporation equity							8,321,374	8,321,374
Liabilities -								
Other liabilities	384	-	-	732	-	2,324	-	3,440
Income tax provision	-	-	520	-	-	-	-	520
Total liabilities	384	-	520	732	-	2,324	-	3,960
Total social security corporation equity and Liabilities	384		520	732		2,324	8,321,374	8,325,334



(In Thousands of Jordanian Dinars)

(29) SEGMENT INFORMATION

The Fund and its subsidiaries mainly operate in the Hashemite Kingdom of Jordan and its assets and liabilities are concentrated according to the following geographical distribution:

201	7	201	6
Assets	Liabilities	Assets	Liabilities
9,228,490	3,965	8,315,891	3,960
9,422		9,443	
9,237,912	3,965	8,325,334	3,960
	Assets 9,228,490 9,422	9,228,490 3,965 9,422 -	Assets Liabilities Assets 9,228,490 3,965 8,315,891 9,422 - 9,443

The following table sets out the distribution of the fund's revenues and capital expenses inside and outside the kingdom:

	Inside Kin	Inside Kingdom		ingdom	Total		
	2017	2016	2017	2016	2017	2016	
Total revenues	363,073	318,248	685	760	363,758	319,008	
Capital expenses	66	32	-	-	66	32	

(30) CONTINGENT LIABILITIES

As at 31 December 2017, the contingent liabilities and commitments to the Fund are as follows:

As at 31 December 2017, the letter of guarantees and the letters of credit were JD 30 Thousand without cash collateral (31 December 2016: JD 30 Thousand).

(31) LAWSUITS

As at 31 December 2017, the fund was the defendant in number of lawsuits amounted to JD 325 thousand (31 December 2016: JD 325 thousand). The Fund's management and its legal counsel believe that the fund will not have any material obligations in respect of these lawsuits.



(In Thousands of Jordanian Dinars)

(32) 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 Fund's consolidated financial statements are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; but providing comparative information is not mandatory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions

The Fund plans to adopt the new standard on the effective date and will not restate comparative information.

(a) Classification and measurement

The Fund does not expect a material impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Fund analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 requires the Fund to record expected credit losses on all of its loans, bonds, deposits at banks, investments in subsidiaries and trade receivables either on a 12-month or lifetime basis. The Fund will apply the simplified approach and record lifetime expected losses on all financial instruments. Based on the preliminary numbers, the fund's management expects an increase in impairment provision in the amount of JD 24,728 thousand which will results in a decrease of equity with the same amount.

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IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

During 2017, the Fund has performed an impact assessment of IFRS 15. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Fund in 2018 when the Fund adopts IFRS 15, whereas, the Fund does not expect a material impact on its balance sheet or equity on applying the requirements of IFRS 15.

Amendments to IFRS 10 and IAS 28:Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.



IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard 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. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.



(In Thousands of Jordanian Dinars)

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1January 2019, but certain transition reliefs are available.