

صندوق استثمار  
أموال الضمان الاجتماعي  
Social Security Investment Fund



ANNUAL REPORT 2018



**His Majesty**  
**King Abdullah II Bin Al Hussien**



**His Royal Highness**  
**Crown Prince Al Hussien Bin Abdullah II**



Contents	Page
Chairman of the Board Message	5
Chief Executive Officer Message	6 - 7
About the Fund	8
Strategic Core	9
Organizational Structure	10
Control Mechanism	11 - 12
The Investment Board	13 - 15
Committees of the SSIF Investment Board	16 - 19
Relationship between the SSC Board and the Investment Board	20 - 21
Human Resources	22 - 25
Social Responsibility Initiatives	26 - 29
The Investment Policy	30 - 31
Risk Management	32
Summary of the National Economy Performance in 2018	33 - 35
The Fund's Financial Performance in 2018	36 - 47
Standalone Financial Statements as at 31/12/2018 with the Independent Auditor's Report	48 - 99
Consolidated Financial Statements as at 31/12/2018 with the Independent Auditor's Report	99 - 177





## Chairman of the Board Message



Dear Esteemed Social Security Members and Retirees,

On behalf of the Investment Board members, I'm pleased to present to you the Annual Report of the Social Security Investment Fund for the year 2018. The report includes detailed progress report of the Fund's performance and its standalone and consolidated financial statements for the financial year ending December 31, 2018.

As part of the Fund's strive to adopt the best corporate governance standards and practices, the Fund is governed by a comprehensive governance and control set at various levels starting at Board of Directors of the Social Security Corporation which approves the general investment policy, put investment targets, determine investment criteria and restrictions, and approves the Fund's annual budget. Then comes the Investment Board that makes the investment decision to implement the general investment policy. In addition, the Fund's work is overseen by several committees emanating from the Social Security Corporation's Board of Directors and the Investment Board, the Audit Bureau and the external auditor.

Although the year 2018 was a continuation of the previous year as the regional circumstances remain to shed negative impact on the national economy, the Fund continued its persistent efforts that enabled it to achieve better results than the year 2017. The Fund's total assets grew by 10.3% to reach JD 10.19 billion at the end of 2018 compared to JD 9.23 billion at the end of 2017.

To achieve the highest return possible within acceptable risk levels, the Fund has revised its strategic plan for the years 2019-2021 and its assets allocation taking into account the national economic changes and the future obligations of the Social Security Corporation.

Here, I would like to express the Investment Board gratitude to the Fund's executive management and all the staff for their effort and dedication to preserve and grow the savings the Social Security members and retirees. Furthermore, my thanks and appreciation for the Social Security Corporation's Board of Directors for their continuous cooperation and support.

Finally, I would assure everyone that the Investment Board will spare no effort to achieve the best outcomes for better future under the leadership of His Majesty King Abdullah II, may God bless him.

**Mazin M. Al Khatib**

**Chairman of the Investment Board**



## Chief Executive Officer Message



Dear Esteemed Social Security Members and Retirees,

I care to sincerely express my gratitude to each and every one of you for your courteous confidence and trust in the Social Security Investment Fund (SSIF).

The fund was established in 2003 to invest into the liability driven investments on the behalf of the Social Security Corporation. The mandate of the fund is to achieve adequate returns, preserve the real value of the assets, and to provide liquidity to meet the future financial obligations of the Social Security Corporation. The Fund is a Public Reserve Fund, that invests in various vital sectors such as tourism, mining, telecommunications, banking, conventional and renewable energy. By far SSIF is the single largest investment fund in the country and among the largest in the region as the Total assets constitute more than 30% of the Jordanian GDP as per the end of 2018.

SSIF managed to achieve higher investment returns in the year 2018 compared to the investment returns of the year 2017. The fund's Total liability driven investments i.e. total assets size, grew by 10.3%, hence reaching JD 10.19 billion at the end of 2018 compared to JD 9.23 billion at the end of 2017. As for the total investment return, net income, it topped JD 433.6 million during 2018 compared to JD 359.7 million in 2017, reflecting a year on year increase of JD 73.9 million in absolute terms and a 20.5% rise, relative to 2017.

A closer look at the Fund's asset allocations and investment portfolio, reveal several structural changes that took place during the year of 2018. The changes come in the wake of certain economic developments and due to specific market risk/return structure of certain assets. The allocation of the money market instruments has risen to a 14% at the end of year 2018 compared to 11% at the end of year 2017. Whereas the allocation of the equity portfolio has slightly dropped to 21% at the end of 2018 compared to an allocation of 23% for the year 2017. As for other investment allocations, the same levels were more or less maintained; the bond portfolio remained at 52.2%, the loan portfolio 2.6%, the real estate portfolio at 6.1%, and the tourism portfolio at 2.9%.

In recent developments and due to certain strategic investments throughout and in conjunction with several private sector partnerships, be it in tourism, banking, mining, telecommunications, and energy, the SSIF has managed to play a significant active role in enhancing and stimulating the national economy of Jordan. In addition, the SSIF demonstrated its adoption of PPP model throughout its investment strategy and by using Financial Leasing as a tool to finance several Mega Infra-Structure projects; such as the New



## Chief Executive Officer Message

Amman Customs headquarters in Maddona, Tafileh public Hospital, Ma'an Military Hospital , and the Rapid-Bus Transit stretching between Amman and Zarqa, the largest two cities in Jordan.

Whilst reviewing its strategic plan for the years 2019-2021 the SSIF has incorporated the outlook of Jordan's national economic development along with the future obligations of the Social Security Corporation. Consequently, and in partnership with the private sector, the SSIF will aim to heavily invest into national economy enablers; investments that would contribute to the economic growth and development, such as energy, tourism, economic development zones, education and health. The fund also aims to seek strategic partnerships with high profile counterparts that possess the necessary required skills and technical expertise in the mentioned sectors, provided that these projects are economically feasible and fall within the acceptable risk margin of the Investment Policy Statement.

In conclusion, I care to express my sincere appreciation and wholehearted gratitude towards my colleagues, the Fund's staff, the Investment board members, and the Social Security Corporation Board, for their continuous support, relentless dedication, and hard work. It has certainly been a challenging year. Towards the end I personally care to assure all Jordanians that the fund will continue its relentless sincere effort to be the proper fiduciary and the integral guardian and custodian of their life time savings and nest egg. We all promise to continue fulfilling our patriotic and national duties and contribute our best to this great national institution, under the leadership of his Majesty King Abdullah II, may the All Mighty bless him. ”

**Kholoud M. Saqqaf**

**Chief Executive Officer**



## About the Fund

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.

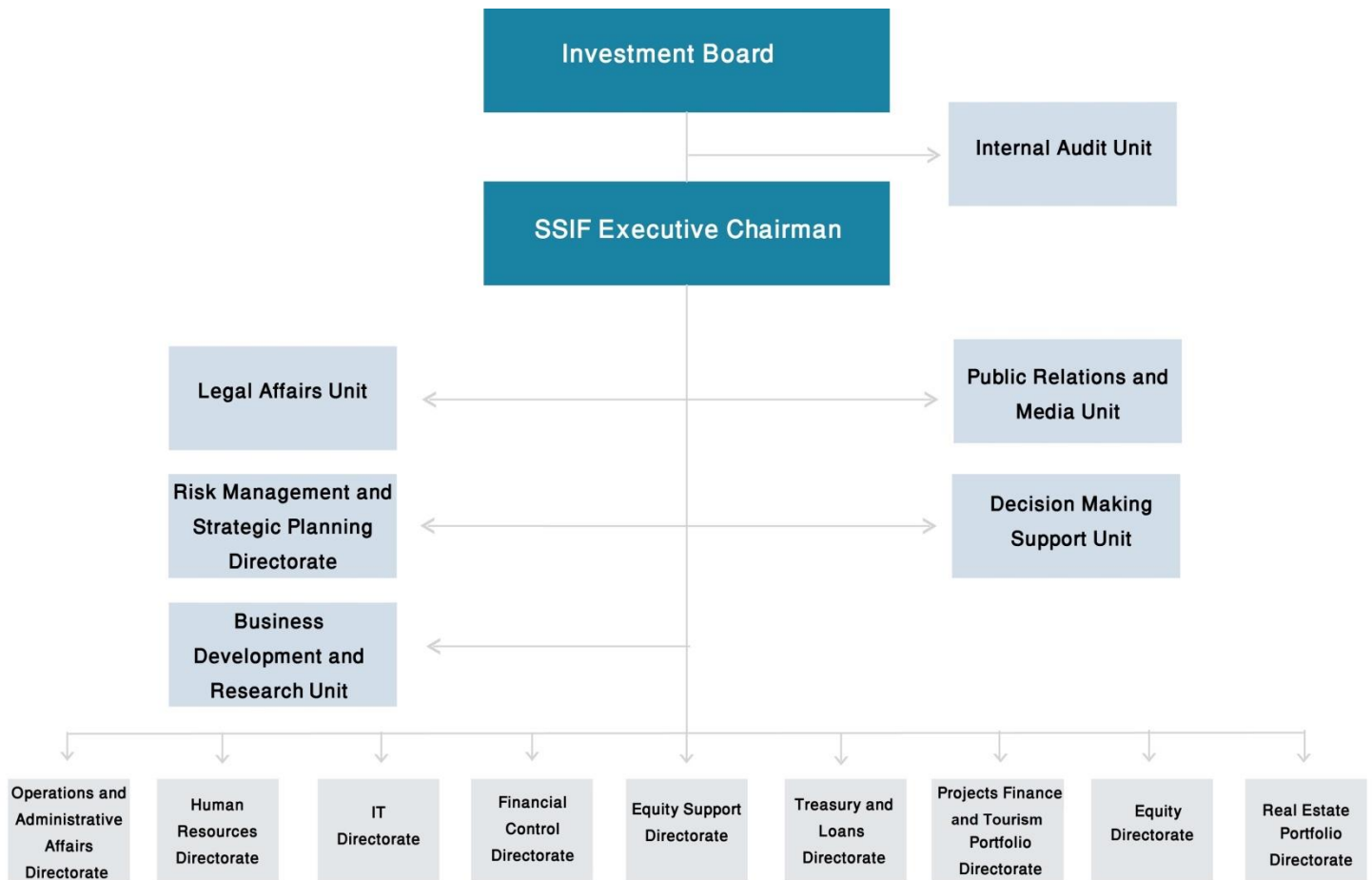


#### We believe in Organizational Governance:

- 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.



## Organizational Structure





## Control Mechanism

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.

### **1- 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.

### **2- 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 CEO is not a member in any of the committees emanating from the Investment Board.

### **3- 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 Affairs Directorate that executes all the financial operations, opens accounts and issues payment orders as per the valid regulations. These directorates and units execute pre and post auditing as defined by the valid regulations.

### **4- 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 polices that govern the Fund's work.

### **5- 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 CEO 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 Chairman of the Investment Board 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.
3. 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.
5. 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.
6. Submit periodic reports to the SSC Board on the SSIF's activities and performance.
7. Review the annual report on the SSIF's activities and related closing financial statements, and submit them to the SSC Board of Directors for approval.

8. Name the required committees for investment work in accordance with executive instructions.
9. 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 <sup>(1)</sup>:

HE Mr. Mazin M. Al Khatib <sup>(2)</sup>	Chairman of the Investment Board
HE Mrs. Kholoud Saqqaf <sup>(3)</sup>	Chief Executive Officer/Vice Chairman of the Board
HE Dr. Hazem Al-Rahahleh <sup>(4)</sup>	SSC Director General/Member
HE Mr. Hammam Al Ma'aitah	Representative of Workers/ Member
HE Mr. Mohammad "Al Haj Hasan"	Representative of Employers/Member
HE Mr. "Shadi Ramzi" Al Majali	Member
HE Mr. Riyadh AlTaweel	Member
HE Dr. Qais Mahafzah	Member
HE Eng. Sahl Dudin	Member

---

(1) The investment board was re-established during March 2018.

- Mr. Mohammad Odeh was the Acting CEO of the SSIF/ Social Security Corporation Acting Director General starting from 19/6/2018 until 14/10/2018.
- H.E. Dr. Ezzedin Kanakriyah was the Acting CEO of the SSIF/ Social Security Corporation Director General / Vice Chairman of the Board starting from 5/5/2018 until 13/6/2018.
- HE Mrs. Suhair Al-Ali was CEO of the SSIF/ Vice Chairman of the Board until 4/5/2018.
- HE Mrs. Nadia Al Rawabdeh was Social Security Corporation Director General until 12/4/2018.

(2) Starting from 9/5/2018.

(3) Starting from 15/10/2018.

(4) Starting from 15/10/2018.

◆ **Meetings of the SSIF Investment Board:** The Board held 15 meetings during 2018.

◆ **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 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 Chairman of the Investment Board shall receive a monthly remuneration of JD 3,500.

### 1) The Audit Committee:

#### ▪ Audit Committee Duties:

1. 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.
2. 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.
3. Submit the annual internal audit plan to the Investment Board for approval.
4. Ensure the accuracy and soundness of accounting and auditing procedures and compliance with them.
5. Ensure the SSIF's compliance with the laws, regulations, and instructions that govern its work.
6. Exercise other powers vested in it by means of executive instructions issued in accordance with the provisions of this regulation.
7. Any other tasks assigned to it by the Investment Board.

#### ▪ Audit Committee Members:

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

#### ▪ Committee Meetings:

- The committee held 14 meetings during 2018.
- The Chairman and members of the committee receive a monthly remuneration of JD 300. The remuneration is linked to attendance of the committee meetings.
- The Committee's Secretary receives a monthly remuneration of JD 200. The remuneration is linked to attendance of the committee meetings.



## 2) Investment Governance Committee:

### ■ Investment Governance Committee Duties:

1. 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.
7. 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.
15. Exercise other powers vested in it in accordance with executive instructions issued in accordance with this regulation.
16. Any other duties assigned to it by the Investment Board.

▪ **Investment Governance Committee Members<sup>(5)</sup>:**

Dr. Hazem Al-Rahahleh <sup>(6)</sup>	Chairman
Dr. Qais Mahafzah	Member
Mr. Riyadh AlTaweel	Member
Dr.Hamzeh Jaradat <sup>(7)</sup>	Committee's Secretary

▪ **Committee Meetings:**

- The committee held 5 meetings during 2018.
- The Chairman and members of the committee receive a monthly remuneration of JD 300. The remuneration is linked to attendance of the committee meetings.
- The Committee's Secretary receives a monthly remuneration of JD 200. The remuneration is linked to attendance of the committee meetings.

---

<sup>(5)</sup> The committee was reestablished during 2018:

- HE Mrs. Nadia Al Rawabdeh was committee's chairman until 12/4/2018.
- Mr. Jehad Al Shara was committee's secretary until 5/3/2018.

<sup>(6)</sup> Starting from 8/11/2018.

<sup>(7)</sup> Starting from 6/3/2018.

### 3) Investment Risks Committee:

#### ■ Investment Risks 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.

#### ■ Investment Risks Committee Members:

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

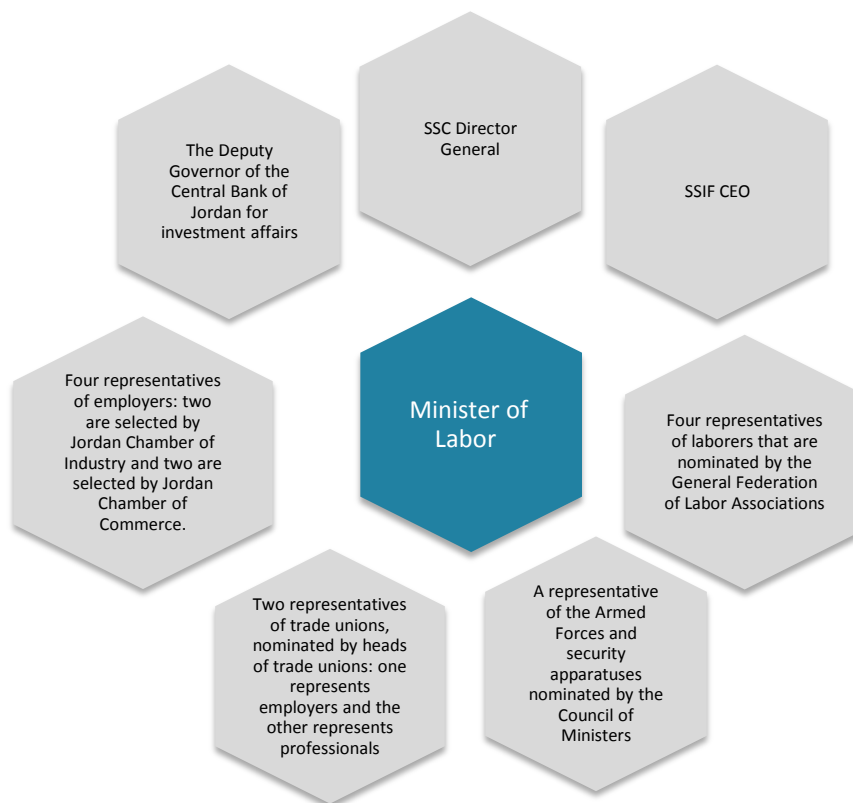
#### ■ Committee Meetings:

- The committee held 8 meetings during 2018.
- The Chairman and members of the committee receive a monthly remuneration of JD 300. The remuneration is linked to attendance of the committee meetings.
- The Committee's Secretary receives a monthly remuneration of JD 200. The remuneration is linked to attendance of the committee meetings.

## Relationship between the SSC Board and the Investment Board

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). The SSC Board approves the general investment policy of the Corporation that aims at maximizing the market value of its assets, sets investment objectives, develops investment standard, mechanisms and determinates, approves the general investment plan in addition to approving the annual budget.

The SSC Board is comprises by:



There are three committees emanating of the SSC Board:





These committees fulfill the duties that are defined by the Law and the related SSC Board resolutions. Then comes the Social Security Investment Board that develops the general investment policy and general investment plan that are approved by the SSC Board. It also oversees the implementation of the general investment policy and develops the plans and make the necessary invest decisions to implement the said policy. There are three committees emanating of the Investment Board:



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.

It's worth mentioning that there are four members that sit on both boards: SSC Director General, SSIF CEO, Employees Representative and workers Representative.

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

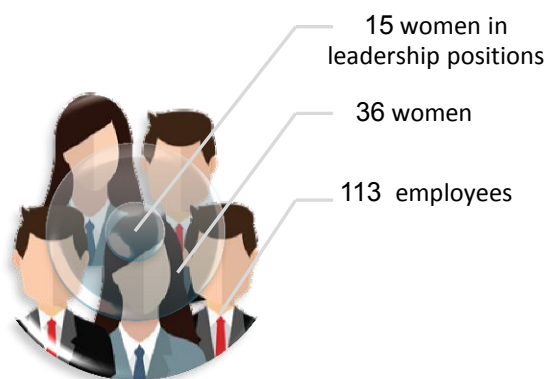
### **Reporting System:**

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.

The SSC Board submits quarterly reports to the Council of Ministers and the Parliament on the Fund's financial statements, the financial performance and the future investment policies.

## Human Resources

At the end of 2018, the Fund's staff consisted of 113 employees, of whom 36 were women. 15 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 Directorate:**

The directorate manages investments in real estate and management of SSIF-owned real estate including land, commercial complexes and others.

- Directorate Manager: Eng. Ahmad Malkawi.

### **Equity Directorate:**

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

- Directorate Manager: Mr. Emad Kodah.

### **Projects Finance and Tourism Portfolio Directorate:**

The directorate conducts feasibility studies for opportunities in all sectors and infrastructure projects. In addition, it follows up on the performance of the tourism portfolio that is managed by the National Company of Tourism Development (a wholly owned company).

- Directorate Manager: Mr. Sameer Shahrour

### **Treasury and Loans Directorate:**

The directorate 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 following up on the projects that are managed by Daman Financial Leasing Company (a wholly owned company).

- Directorate Manager: Mrs. Ranya Alaraj

### **Risk Management and Strategic Planning Directorate**

The directorate prepares the Fund's Strategic Plan. It identifies the investment and operational risks related to Fund's activities, assesses. The directorate is also in charge of assessing the overall performance against the Fund's balanced scorecard.

- Directorate Manager: Mr. Nidal Qubbaj



## Executive Management

### **Financial Control Directorate:**

The directorate 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.

- Directorate Acting Manager: Mrs. Manal Oreiqat.

### **Equity Support Directorate:**

The directorate follows up on the SSIF's investments in public and private shareholding companies through a comprehensive management, monitoring, and direction system to ensure effective representation in the companies in which the Fund invests, and to ensure implementation of good governance principles.

- Directorate Manager: Dr. Hamzeh Jaradat

### **Human Resources Directorate:**

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

- Directorate Manager: Mr. Khalid Al Dajah.

### **Operations and Administrative Affairs Directorate:**

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

- Directorate Manager: Saeed Shanan.

### **IT Directorate:**

The directorate is in charge of the automatization of the Fund's operations and managing the business continuity plans. It provides the technical IT support and provides the software systems and maintains the related database. It is also in charge of implementing the information security policies.

- Directorate Manager: Dr. Ahmad Ali Otoom



## Executive Management

### **Internal Audit Unit:**

The unit verifies that the Fund's activities are compliant with the international financial reporting standards and the governing laws and regulations. The unit also audits the IT activities to ensure the compliance with the international IT audit standards.

- Unit Manager: Mohammad Madi.

### **Business Development and Research Unit:**

The unit prepares preliminary financial studies of potential opportunities in new sectors, and conveys the best international practices of pension funds. It is also prepares periodic economic and financial reports.

- Unit Manager: Mr. Issam Khateeb.

### **Legal Affairs Unit:**

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

- Head of Legal Affairs Unit: Ms. Reem Abzakh

### **Decision Making Support Unit:**

The unit is the secretariat of Investment Board and also the focal point between the Investment Board and the Social Security Corporation's Board of Directors. The unit is also in charge of following up on the Fund's daily work.

- Unit Manager: Ahmad Hawyan

### **Public Relations and Media Unit:**

The unit works to strengthen the Fund's position as a national strategic investor by creating a cooperative environment with the partners. It also manages the communication channels of the Fund with the press and the general audience and manages the presence of the Fund in media and social media platforms.

- Acting Unit Manager: Ms. Amani Elkayed



## Social Responsibility Initiatives



The Fund believes in the importance of the social responsibility and therefore it carries out initiatives that guarantee sustainable development and shows the human face of the Fund.

The Fund has implemented initiatives in various fields during 2018:

-  Workshops
-  Environment and Health
-  Education
-  Community support





## Social Responsibility Initiatives

### Workshops :

The Fund organized a workshop in cooperation with the Ministry of Public Works and Housing in March 2018, on the Government Public Works bylaw and Instructions and their Amendments. The participants were briefed on Government Public Works bylaw and Instructions and their Amendments.



The Fund organized a workshop in cooperation with the Income and Sales Tax Department at the Ministry of Finance in July 2018, on the Income and Sales Tax Law. The participants were briefed on the Income and Sales Tax Law and the regulations issued under the provisions of this law.



The Fund organized a workshop in cooperation with the Partnership Unit in the Ministry of Finance in November 2018, on the Public-Private Partnership. The workshop highlighted importance of public-private partnership model and its impact on the national economy. The participants were also briefed on the projects that were established through this partnership model.



## Social Responsibility Initiatives

### Environment and Health:

The Fund issued administrative circulars to emphasize the prevention of smoking inside the Fund's premises and to comply with the circulars of the Prime Minister at this regard.

The Fund organized an awareness workshop in cooperation with the King Hussein Cancer Center in July 2018. The lecturer identified the disease causes, prevention methods and importance of adopting a balanced healthy life style. The workshop also stressed the importance of conducting periodic tests for early detection, and adherence to therapy protocols.



The Fund organized an awareness campaign for the early detection of breast cancer in cooperation with the King Hussein Cancer Center in October 2018. The session shed light on the disease causes, prevention methods and the importance of conducting periodic tests for early detection.





## Social Responsibility Initiatives

### Education:

**Training of university students:** The Fund provides an opportunity for university students to be trained in the Fund as credit hours towards their graduation. This helps enrich student's knowledge to practical experience, and support the Fund's interaction with educational institutes in the kingdom.



### Community support:

**The Charity Clothes Bank:** The Fund participates in the Charity Clothing Bank initiative launched by Jordanian Hashemite Charity Organization (JHCO), which aims to provide adequate clothing to less privileged families.





### ◆◆ 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 mega projects with meaningful returns that contribute to economic growth and job creation, particularly in sectors that enhance the added value of the national economy. In addition, and 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.





## 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.

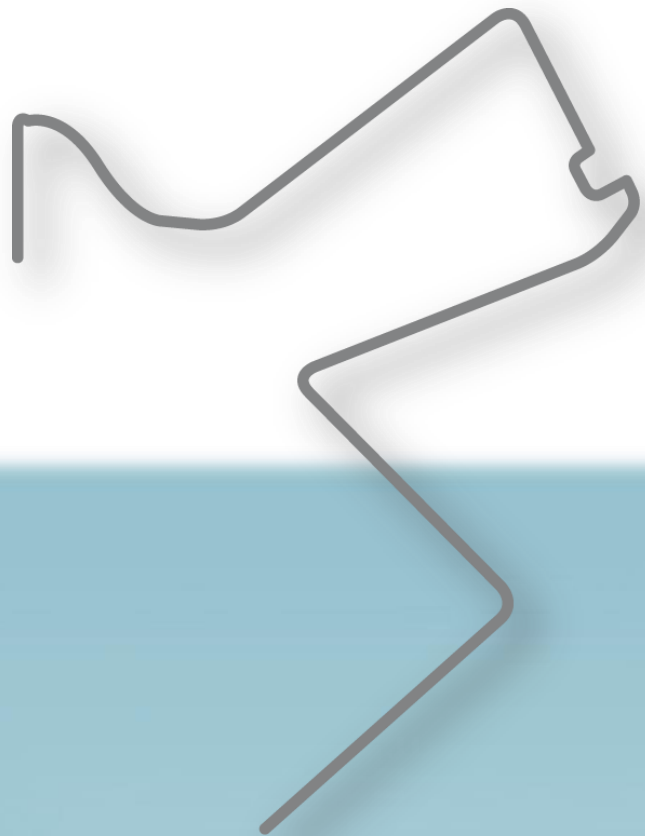
The major types of investment risks that the Fund may face are: market risk, liquidity, credit, corporate risk and assets / liabilities management risks.

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





## Summary of Economic Developments in 2018







## Summary of Economic Developments in 2018



In 2018 Jordan continued to implement policies and reforms that are aimed at maintaining macroeconomic stability and promoting conditions that support higher inclusive growth. The Central Bank of Jordan (CBJ) continued to implement its monetary policy, which aimed at maintaining monetary and financial stability in the Kingdom. At the same time, the CBJ ensured the continued provision of funding necessary for performing economic activities at appropriate cost and maturity.

In addition, the government continued its efforts to reform public finance and tackle its imbalances. In 2018, a number of measures and legislations adopted by the government to enhance the attractive environment for investment, stimulate economic growth, regulate the labour market, and raise the economic participation.

As a result, the national economy grew by 1.9% in 2018, compared to 2.1 percent in 2017. Despite of the continuing uncertainty in the region, which contributed to the low inflow of foreign direct investment to the Kingdom, on the one hand, and the slowdown in the performance of the “ mining and quarrying” sector, which is considered one of the most volatile economic sectors due to its link to the global demand, on the other. However, the economic growth rate was higher than the average growth rate recorded for the Middle East and North Africa (MENA) countries during 2018, which stood at 1.4 percent. The economic Growth was primarily driven by the growth of most economic sectors, particularly, real estate, finance and insurance services, transport, storage and communications, and manufacturing, which collectively contributed by 1.3 percentage points, or 68 percent of the growth rate recorded in 2018.

As for the general price level, the Consumer Price Index (CPI) increased by 4.5%, affected by the measures taken by the government at the beginning of 2018, as well as the increase of the average price of oil in the international markets by 30.7%.

From another side, the government continued to implement the national economic and structural reform program in 2018, in cooperating with the IMF, aiming at reforming public finance, addressing its imbalances, and enhancing self-reliance, through focusing on continuous and gradual fiscal reforms. Although the Jordanian economy continues influencing by challenges posed by the instability in the region, significant structural reforms have been made, notably the approval of the Income Tax Law, which is considered the cornerstone of a more comprehensive, efficient and equitable tax system, that aims to tackles more rigorously the problems of tax avoidance and evasion. These are expected to be reflected positively on the overall deficit of the general budget and bringing public debt to GDP ratio to safe and sustainable levels, while taking into consideration that the reforms do not adversely affect middle- and low-income segments or their basic needs.

In addition, the government continued its efforts to reform public finance and tackle its imbalances, which contributed to the reduction of the overall budget deficit including foreign grants by 0.2 percentage point to reach 2.4% of GDP in 2017 .

As for the public dept, the outstanding balance of gross public dept (domestic and external) increased by JD 1,039.1 million to reach JD 28,308.3 million, or 94.4 percent of GDP, at the end of 2018, compared to JD 27,269.2 million (94.3 percent of GDP) at the end of 2017. This increase was a result of financing the general budget deficit as well as guaranteed loans of the National Electric Power Company (NEPCO) and the Water Authority of Jordan (WAJ). The indebtedness of NEPCO and WAJ stood at about JD 7.4 billion at the end of 2018 (26.1 percent of the outstanding balance of the gross public dept). Moreover, the outstanding balance of net public dept increased to JD 26,900.6 million (89.7 percent of GDP) at the end of 2018 compared to JD 25,435.7 million, or 88 percent of GDP, at the end of 2017.

The current account deficit, excluding grants, declined to 10.3 percent of GDP in 2018, compared to 13.3 percent of GDP in 2017. The current account deficit, including grants, decreased to 7 percent of GDP, compared to 10.6 percent of GDP in 2017.

The decrease in the current account deficit resulted from, first, the continued high growth of travel receipts in 2018 for the second consecutive year, growing by 13.1 percent, driven by the increase in the number of tourists as well as the change in the relative importance of the nationality of tourists, which positively affected the surplus of the services account. Second, the decrease in the trade balance due to the increase in total exports by 3.5 percent.

On the monetary and banking front, the Central Bank of Jordan (CBJ) continued to implement its monetary policy, which aimed at maintaining monetary and financial stability in the Kingdom. At the same time, the CBJ ensured the continued provision of funding necessary for performing economic activities at an appropriate cost and maturity. Furthermore, the total foreign reserves at the CBJ maintained its comfortable levels, reaching USD 13.4 billion at the end of 2018, which is considered enough to cover more than seven months of the Kingdom's imports of goods and services, which is more than twice the international standards of a three months adequacy of foreign reserves.

## **SSIF Financial Performance Report 2018**





## SSIF Financial Performance Report 2018

### Summary of SSIF Financial Performance 2018:

**A) Assets Growth:** The Fund's total assets<sup>(8)</sup> amounted to JD 10,190.7 million as of 31/12/2018 compared to 9,237.9 million as of 31/12/2017, an increase of JD 952.8 million, representing 10.3%.

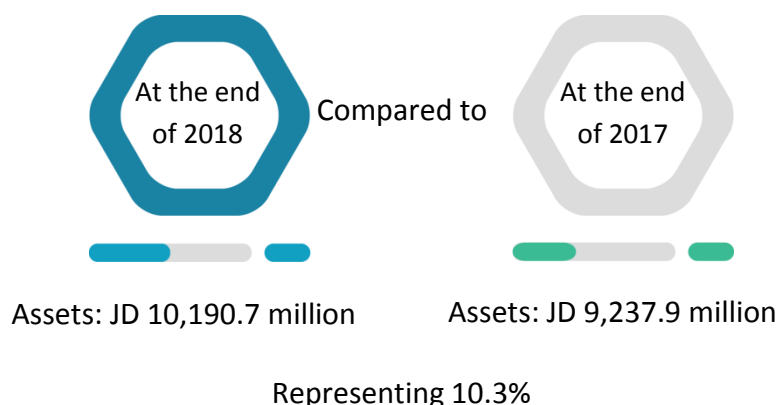
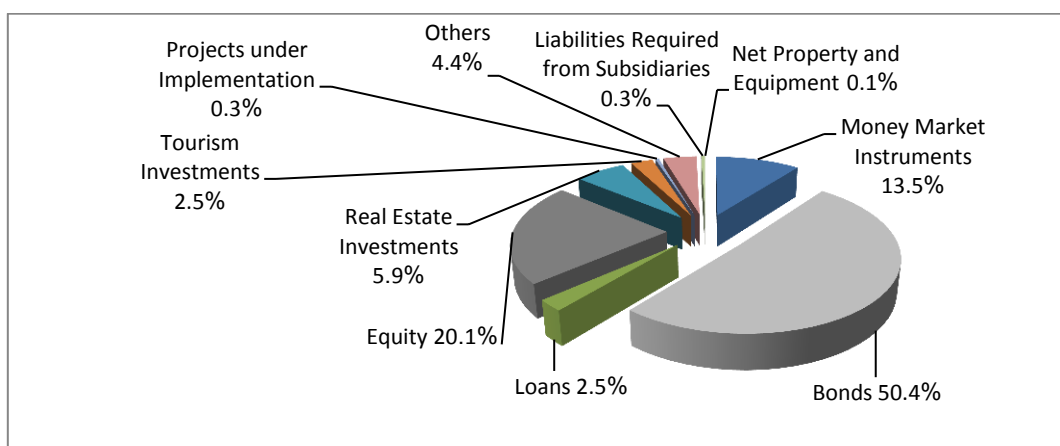


Table (1): Assets Allocation as of 31/12/2018

Assets	JD Million	Percentage
Money Market Instruments Portfolio	1,374.7	13.5%
Bonds Portfolio	5,135.4	50.4%
Loans Portfolio	252.8	2.5%
Equity Portfolio	2,053.4	20.1%
Real Estate Investments Portfolio	598.4	5.9%
Tourism Investments Portfolio	251.3	2.5%
Projects under Implementation	35.6	0.3%
Other Assets	451.6	4.4%
Liabilities Required from Subsidiaries	31.6	0.3%
Net Property and Equipment	5.9	0.1%
<b>Total assets</b>	<b>10,190.7</b>	<b>100%</b>

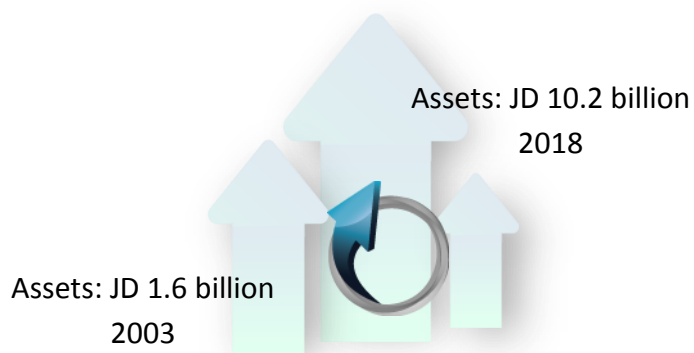
<sup>(8)</sup> This part of the financial analysis is based on the standalone financial statements of the Fund and therefore it doesn't reflect the effect of consolidation with the financial statements of hotels, rest houses and SSIF subsidiary companies.

Assets Allocation as of 31/12/2018

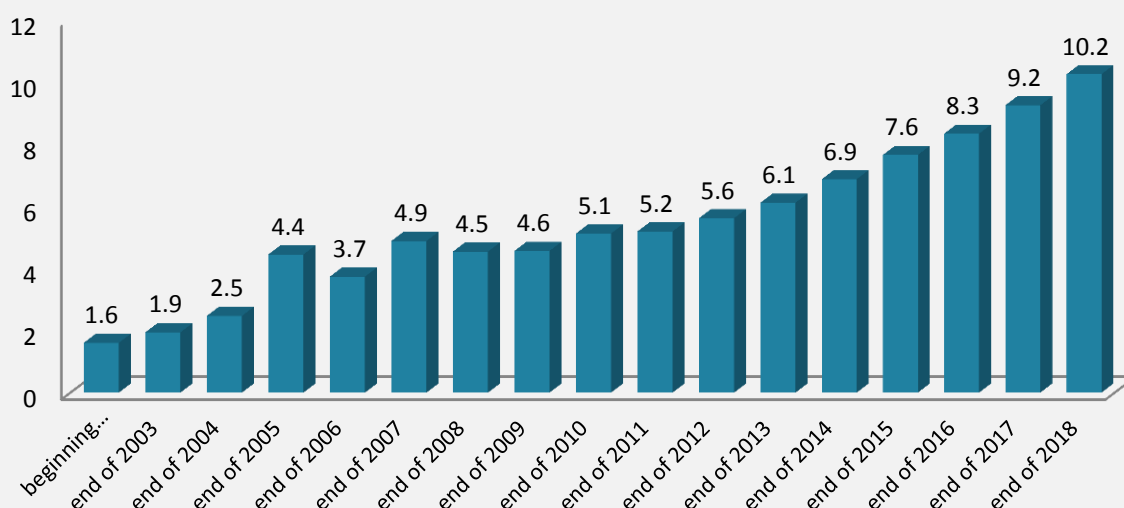


### Assets Growth (2003 - 2018)

SSIF assets grew since the Fund's establishment at the beginning of 2003 from JD 1.6 billion to reach JD 10.2 billion as of 31/12/2018. This increase came from two components, the increase of the Fund's income, and from the Social Security Corporation pensioners' subscriptions.



Assets Growth (JD billion)

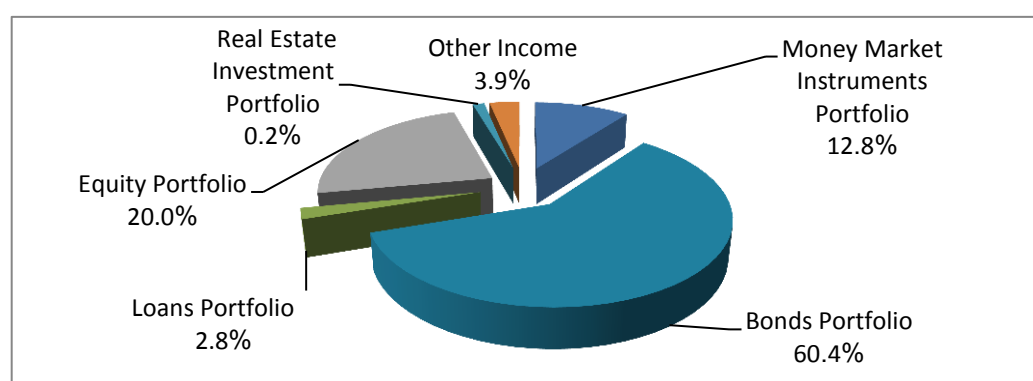


**B) Investment Returns:** The Fund achieved net income of JD 433.6 million as of 31/12/2018 compared to JD 359.7 million as of 31/12/2017, an increase of JD 73.9 million or 20.5%.

Table (2): Income as of 31/12/2018

Item	JD Million	Percentage
Interest from Money Market Instruments Portfolio	55.9	12.8%
Bonds Portfolio Income	264.2	60.4%
Loans Portfolio Interest	12.1	2.8%
Equity Portfolio Income	87.6	20%
Real Estate Investment Portfolio Income	0.8	0.2%
Other Income	17	3.9%
<b>Total</b>	<b>437.5</b>	<b>100.90%</b>
Administrative and Investment Expenses	3.9	0.9%
<b>Net Income</b>	<b>433.6</b>	<b>99.10 %</b>

Income Distribution as of 31/12/2018



## Investment Portfolios:

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

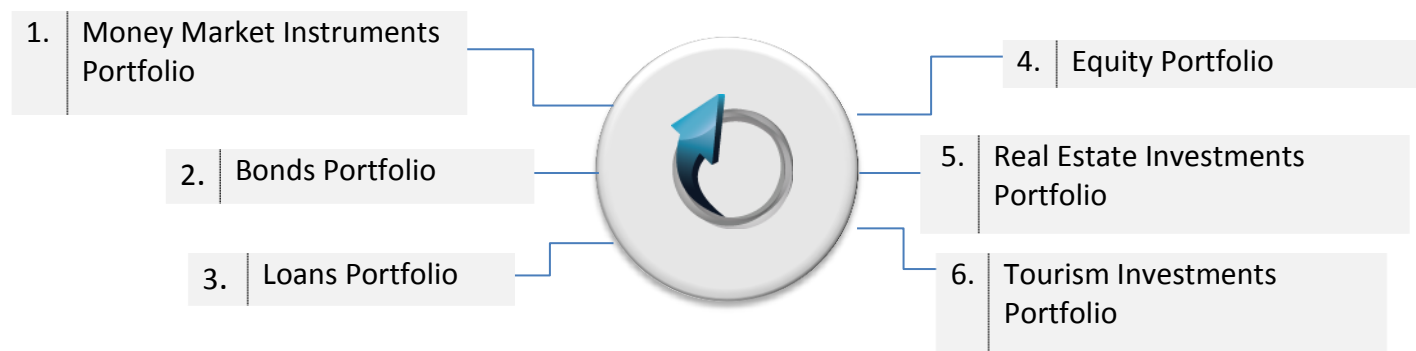


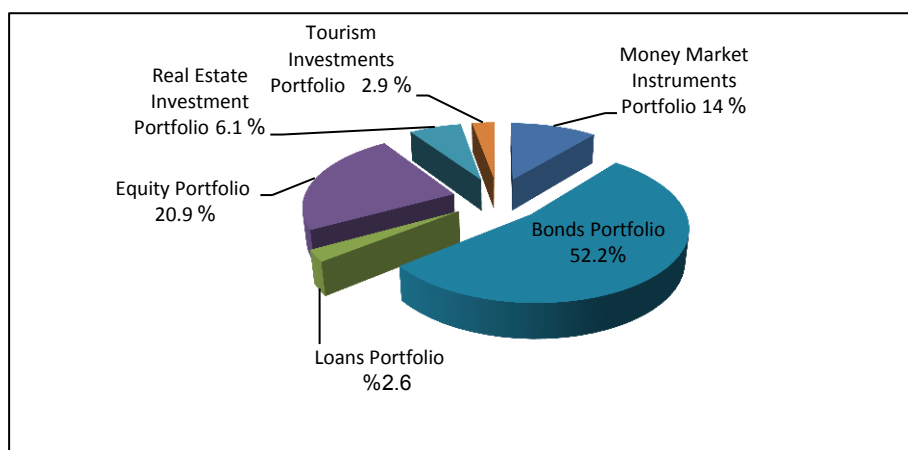
Table (3): Comparative Asset Allocation as of 31/12/2018\*

	31/12/2017		31/12/2018		Change from the start of the year(JD Million)	
Item	JD Million	Relative Weight	JD Million	Relative Weight	JD Million	Growth Rate
Money Market Instruments Portfolio	962.8	10.8%	1,374.7	14.0%	411.9	42.8%
Bonds Portfolio	4,680.7	52.3%	5,135.4	52.2%	454.8	9.7%
Loans Portfolio	229.6	2.6%	252.8	2.6%	23.2	10.1%
Equity Portfolio	2,071.3	23.2%	2,053.4	20.9%	-17.9	-0.9%
Real Estate Investments Portfolio	581.1	6.5%	598.4	6.1%	17.3	3.0%
Tourism Investments Portfolio	285.3	3.2%	285.8	2.9%	0.5	0.2%
Other	427.2		490.3		63.1	14.8%
<b>Total SSIF Assets</b>	<b>9,237.9</b>		<b>10,190.7</b>		<b>952.8</b>	<b>10.3%</b>

\* 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.



### Distribution of SSIF Investment Portfolios as of 31/12/2018



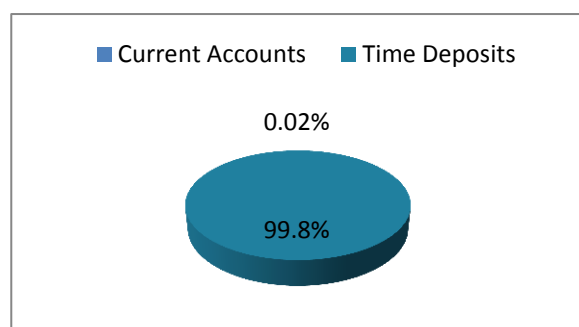
#### 1. Money Market Instruments Portfolio:

The portfolio amounted to JD 1,374.7 million as of 31/12/2018, representing 14% of the Fund's total portfolio compared to JD 962.8 million as of 31/12/2017, an increase of JD 411.9 million or 42.8%.

Table (4): Money Market Instruments Portfolio Allocation as of 31/12/2018

Item	JD Million	Percentage
Current Accounts	0.3	0.02%
Time Deposits	1,374.4	99.8 %
<b>Total</b>	<b>1,374.7</b>	<b>100 %</b>

### Distribution of Money Market Instruments Portfolio as of 31/12/2018



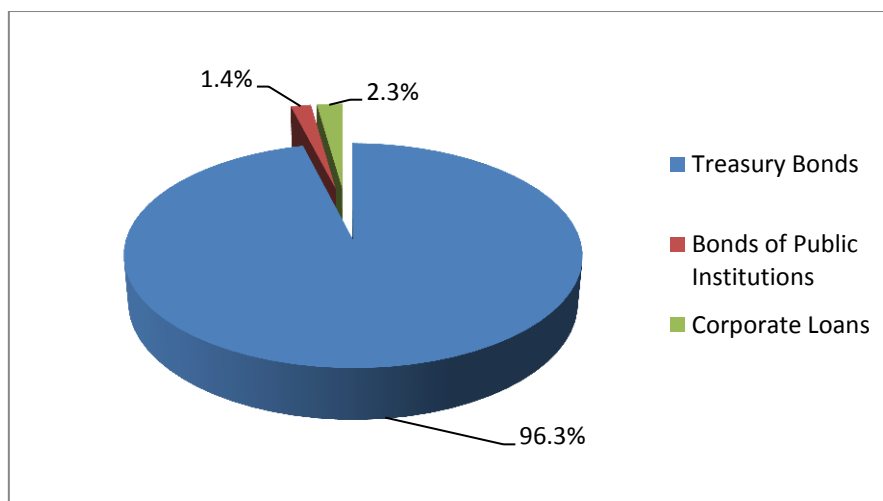
## 2. Bonds Portfolio:

The portfolio amounted to JD 5,135.4 million as of 31/12/2018, representing 52.2% of the Fund's total portfolio compared to JD 4,680.7 million as of 31/12/2017, an increase of JD 454.8 million or 9.7%.

Table (5): Bonds Portfolio Allocation as of 31/12/2018

Item	JD Million	Percentage
Treasury Bonds	4,943.8	%96.3
Bonds of Public Institutions	73.2	%1.4
Corporate Loans	118.4	%2.3
<b>Total</b>	<b>5,135.4</b>	<b>% 100</b>

Distribution of Bonds Portfolio as of 31/12/2018



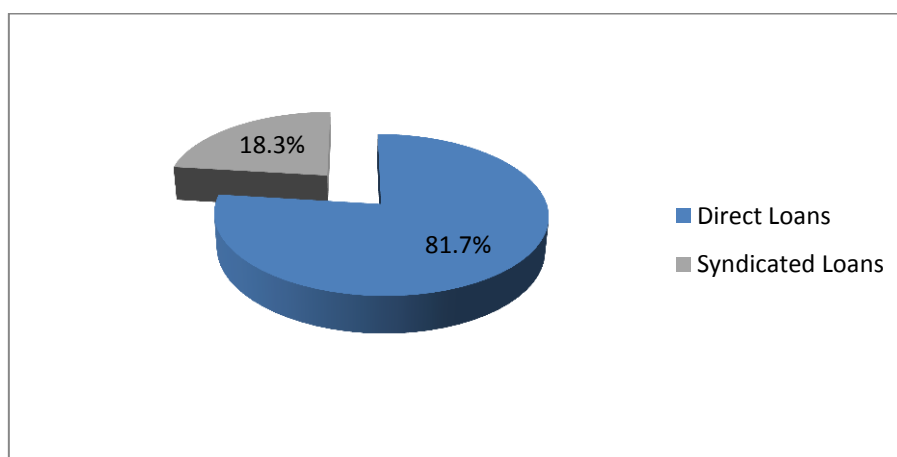
### 3. Loans Portfolio:

The portfolio amounted to JD 252.8 million as of 31/12/2018, representing 2.6% of the total Fund's portfolio compared to JD 229.6 million as of 31/12/2017, an increase of JD 23.2 million or 10.1%.

Table (6): Loans Portfolio Allocation as of 31/12/2018

Item	JD Million	Percentage
Direct Loans	206.6	%81.7
Syndicated Loans	46.2	%18.3
<b>Total</b>	<b>252.8</b>	<b>% 100</b>

Distribution of Loans Portfolio as of 31/12/2018



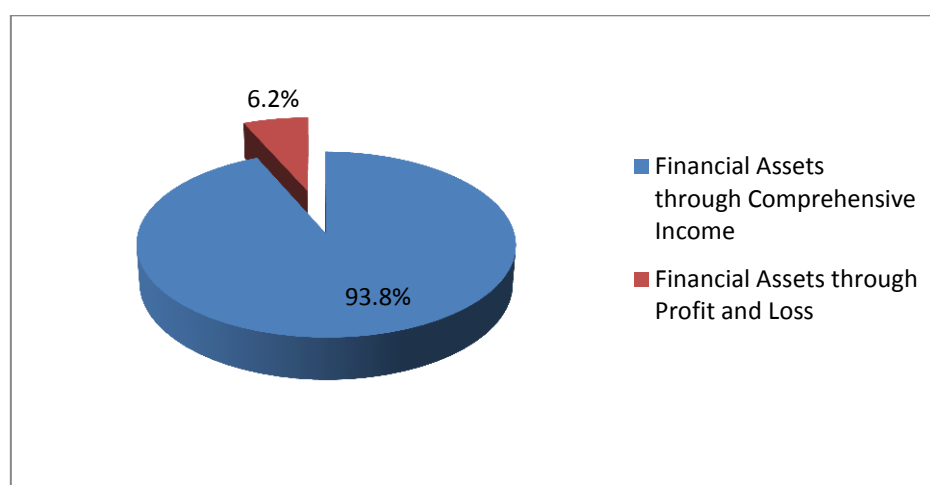
#### 4. Equity Portfolio:

The portfolio amounted to JD 2,053.4 million as of 31/12/2018, representing 20.9% of the Fund's total portfolio compared to JD 2,071.3 million as of 31/12/2017, a decline of JD 17.9 million or - 0.9%.

Table (7): The Accounting Classification of the Equity Portfolio as of 31/12/2018

Item	JD Million	Percentage
Financial Assets through Comprehensive Income	1,926.9	%93.8
Financial Assets through Profit and Loss	126.4	%6.2
<b>Total</b>	<b>2,053.3</b>	<b>% 100</b>

Distribution of Equity Portfolio as of 31/12/2018

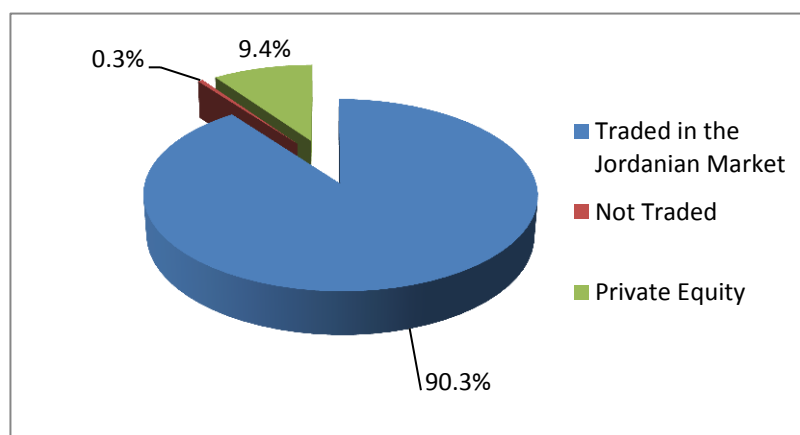


- **Strategic Equity Portfolio through Comprehensive Income:** The portfolio's components that include the subsidiaries and investment funds amounted to JD 1,926.9 million as of 31/12/2018, representing 19.6% of the Fund's total portfolio, compared to JD 1,935.5 million as of 31/12/2017, a decline of JD 8.6 million or - 0.4%.

Table (8): The Accounting Classification of the Strategic Equity Portfolio through Comprehensive Income as of 31/12/2018

Item	JD Million	Percentage
Traded in the Jordanian Market	1,837.7	%90.3
Not Traded	6.6	%0.3
Private Equity	190.3	%9.4
<b>Total</b>	<b>2,034.7</b>	<b>% 100</b>

The Accounting Classification of the Strategic Equity Portfolio through Comprehensive Income as of 31/12/2018



- **Equity Portfolio at Fair Value through Profit and Losses:** The portfolio's market value in Amman Stock Exchange amounted to JD 126.4 million as of 31/12/2018, representing 1.3% of the Fund's total portfolio, compared to JD 135.8 million as of 31/12/2017, a decline of JD 9.4 million or -7%.

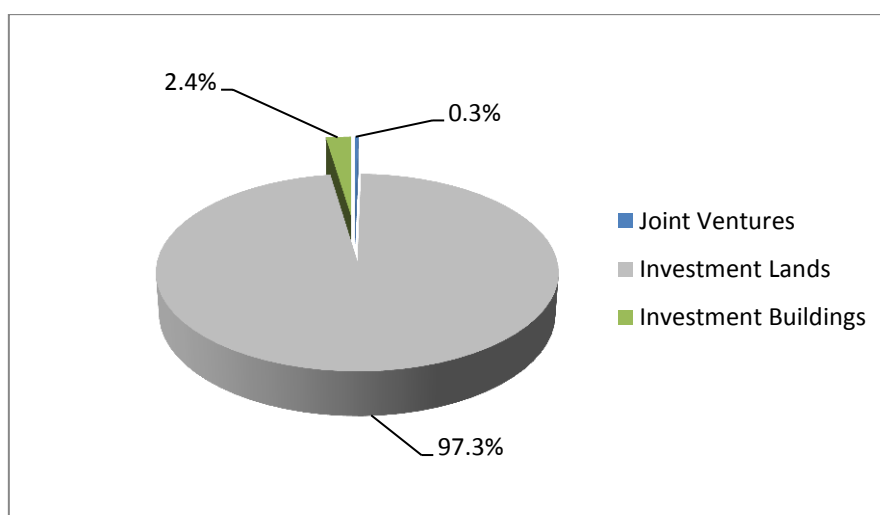
## 5. Real Estate Investments Portfolio:

The portfolio amounted to JD 598.4 million as of 31/12/2018, representing 6.1% of the Fund's total portfolio compared to JD 581.1 million as of 31/12/2017, an increase of JD 17.3 million or 3%.

Table (9): Real Estate Investments Portfolio Allocation as of 31/12/2018

Item	JD Million	Percentage
Joint Ventures	2	%0.3
Investment Lands	582	%97.3
Investment Buildings	14.3	%2.4
<b>Total</b>	<b>598.4</b>	<b>% 100</b>

Distribution of Real Estate Investments Portfolio as of 31/12/2018





## 6. Tourism Investments Portfolio:

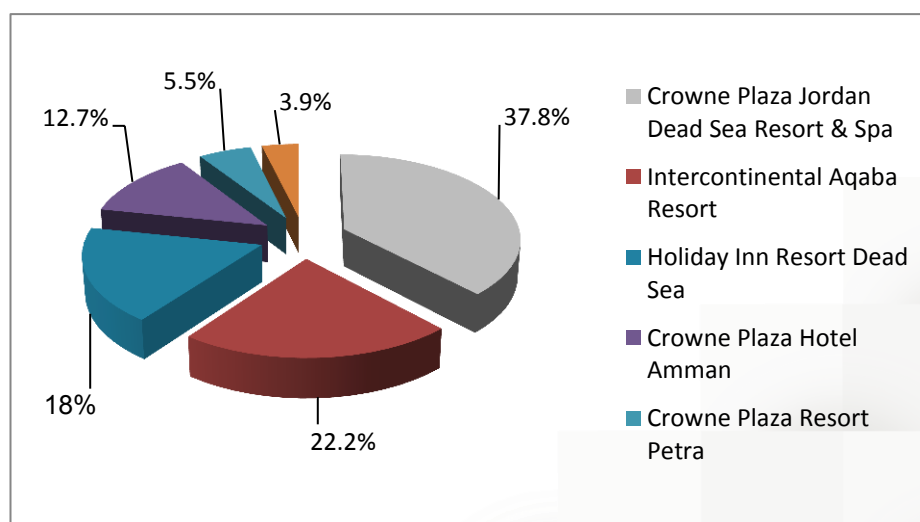
The portfolio amounted to JD 285.8 million as of 31/12/2018, representing 2.9% of the Fund's total portfolio compared to JD 285.3 million as of 31/12/2017, an increase of JD 0.5 million or 0.2%.

Table (10): Tourism Investments Portfolio Allocation as of 31/12/2018

Item	JD Million	Percentage
Crowne Plaza Jordan Dead Sea Resort & Spa	94.9	%37.8
Intercontinental Aqaba Resort	55.7	%22.2
Holiday Inn Resort Dead Sea	45.2	%18
Crowne Plaza Hotel Amman	31.8	%12.7
Crowne Plaza Resort Petra	13.9	%5.5
Amman Cham Palace Hotel	9.7	%3.9
<b>Total</b>	<b>251.3</b>	<b>100%</b>

\*Including JD 34.5 million for projects under construction.

Distribution of Tourism Investments Portfolio as of 31/12/2018



## SSIF Standalone Financial Statements as at 31/12/2018



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

**Report on the audit of the separate financial statement**

**Opinion**

We have audited the accompanying financial statements of Social Security Investment Fund (the "Fund"), which comprise the separate statement of financial position as at 31 December 2018, and the separate statement of revenues and expenses, separate statement of comprehensive income, separate statement of changes in Social Security Corporation equity and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

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

### **Emphasis of matters**

1. Our report on the financial statements for the year ended 31 December 2017 was qualified with respect to differences related to investments in hotels' accounts and the hotels' current accounts in the books of both the Social Security Investment Fund and owner's accounts. The Fund has prepared the necessary reconciliations to account for these differences and the necessary entries were recorded in the owner's books, therefore we are no longer issuing a qualified opinion on the financial statements.
2. We draw attention to note (2-1) to the separate financial statements. The Social Security Investment Fund has prepared and issued consolidated financial statements for the year 2018 in accordance with International Financial Reporting Standards. We have audited the consolidated financial statements of the Fund as at 31 December 2018 and for the year then ended and we expressed an unmodified opinion in our report on 27 June 2019.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on other legal and regulatory requirements**

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

Amman – Jordan  
27 June 2019

*Ernst + Young*





**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**SEPARATE STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<b><u>Assets</u></b>			
Cash and bank balances	4	482	495
Deposits at banks and financial institutions	5	1,374,441	962,299
Financial assets at fair value through the statement of revenues and expenses	6	126,361	135,770
Loans and granted debts	7	252,803	229,637
Financial asset at fair value through other comprehensive income	8	1,386,501	1,340,333
Investments in subsidiaries	9	311,916	287,445
Investments in associates	10	228,590	307,733
Financial assets at amortized cost	11	5,482,067	4,969,768
Due from related parties	25	31,640	43,031
Investment properties	12	596,353	579,118
Investments in joint operations	13	2,032	2,001
Investments in hotels	14	251,299	250,264
Property and equipment	15	5,869	138
Other assets	16	140,368	129,880
<b>Total assets</b>		<b>10,190,722</b>	<b>9,237,912</b>
<b><u>Liabilities and Social Security Corporation Equity</u></b>			
<b><u>Liabilities -</u></b>			
Other liabilities	17	3,000	3,523
Income tax provision	26	468	442
<b>Total liabilities</b>		<b>3,468</b>	<b>3,965</b>
<b><u>Social Security Corporation Equity -</u></b>			
Social Security Corporation current account		5,821,462	5,292,877
Social Security Corporation current account – Unemployment Fund	18	351,901	293,029
Fair value reserve		354,028	362,812
Surplus of revenues over accumulated expenses		3,659,863	3,285,229
<b>Total Social Security Corporation Equity</b>		<b>10,187,254</b>	<b>9,233,947</b>
<b>Total liabilities and Social Security Corporation Equity</b>		<b>10,190,722</b>	<b>9,237,912</b>

The attached notes from 1 to 33 represent part of these separate financial statements

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**SEPARATE STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<b>Revenues -</b>			
Interest income	19	354,330	282,251
Loss of financial assets at fair value through revenues and expenses, net	20	(13,396)	(170)
Gains (losses) on investment properties, net	21	2,147	(4,289)
Impairment losses on property and equipment	15	-	(323)
Dividends distribution	22	100,973	87,467
Expected credit losses on financial assets		(8,461)	(1,908)
Other revenues, net		1,897	302
		<u>437,490</u>	<u>363,330</u>
<b>Expenses -</b>			
General and administrative expenses	23	<u>(3,579)</u>	<u>(3,313)</u>
<b>Surplus of revenues over expenses for the year before income tax</b>		433,911	360,017
Income tax expense	26	<u>(337)</u>	<u>(310)</u>
<b>Surplus of revenues over expenses for the year</b>		<u>433,574</u>	<u>359,707</u>

The attached notes from 1 to 33 represent part of these separate financial statements

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	2018	2017
Surplus of revenues over expenses for the year	433,574	359,707
<b>Add: other comprehensive income items not to be reclassified to revenues and expenses in subsequent periods</b>	-	-
Change in financial assets at fair value through other comprehensive income	(8,886)	(52,716)
<b>Total comprehensive income for the year</b>	<b>424,688</b>	<b>306,991</b>

The attached notes from 1 to 33 represent part of these separate financial statements

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND  
SEPARATE STATEMENT OF CHANGES IN SOCIAL SECURITY CORPORATION EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018  
(IN THOUSANDS OF JORDANIAN DINARS)**

	Notes	Social Security Corporation current account	Social Security Corporation – unemployment fund	Fair value reserve, net	Surplus of revenues over accumulated expenses	Total
<b>2018-</b>						
Balance at 1 January 2018		5,292,877	293,029	362,812	3,285,229	9 233,947
Impact of IFRS (9) implementation	2-2	-	-	-	(43,969)	(43,969)
Balances at 1 January 2018 (adjusted)		5,292,877	293,029	362,812	3,241,260	9 189,978
Surplus of revenues over expenses for the year		-	-	-	433,574	433,574
Change in fair value financial assets through other comprehensive income		-	-	(8,886)	-	(8,886)
Total comprehensive income for the year		-	-	(8,886)	433,574	424,588
Realized losses from sale of financial assets at fair value through other comprehensive income		-	-	102	(102)	-
Cash transferred during the year, net		528,585	44,003	-	-	572,588
Unemployment Funds' share of the Investment Funds' returns	18	-	14,869	-	(14,869)	-
<b>Balance at 31 December 2018</b>		<b>5,821,462</b>	<b>351,901</b>	<b>354,028</b>	<b>3,659,863</b>	<b>10 187,254</b>
<b>2017-</b>						
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 fair value financial assets 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 at fair value 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' returns	18	-	11,417	-	(11,417)	-
<b>Balance at 31 December 2017</b>		<b>5,292,877</b>	<b>293,029</b>	<b>362,812</b>	<b>3,285,229</b>	<b>9 233,947</b>

The attached notes from 1 to 33 represent part of these separate financial statements

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**SEPARATE STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<b><u>Operating activities</u></b>			
Surplus of revenues over expenses for the year before income tax		433,911	360,017
<b>Adjustments-</b>			
Depreciation	15	96	85
Losses from revaluation of financial assets at fair value through the statement of revenues and expenses	20	13,405	440
Realized gain on sale of financial assets at fair value through the statement of revenues and expenses	20	(26)	(270)
Gain on sale of property and equipment		(6)	(1)
Impairment losses of property and equipment	15	-	323
Provision for expected credit losses on financial assets		8,461	1,908
Recovered from provision for expected credit losses during the year		(1,039)	(2)
(Gains) losses on investment property valuation at fair value	12, 21	(699)	8,971
Gain on sale of investment properties	21	-	(378)
<b>Working capital changes:</b>			
Deposits at banks and financial institutions with maturity of more than 3 months		(294,421)	(168,481)
Financial assets at fair value through the statement of revenues and expenses		(3,970)	(2,014)
Other assets		(17,188)	(26,374)
Due from related parties		3,127	(33)
Other liabilities		(523)	(413)
Income tax paid	26	(311)	(388)
<b>Net cash flows from operating activities</b>		<b>140,817</b>	<b>173,390</b>
<b><u>Investing activities</u></b>			
Loans and granted debts		(44,535)	(63,027)
Financial assets at fair value through other comprehensive income		18	9,231
Financial assets at amortized cost		(525,237)	(785,530)
Investments in associates		-	(271)
Investments in subsidiaries		(400)	-
Investments properties		(16,787)	(5,897)
Purchases of property and equipment	15	(78)	(66)
Proceeds from sale of property and equipment		6	10
Investments in hotels		(1,035)	-
Investments in joint operations		(31)	-
<b>Net cash flows used in investing activities</b>		<b>(588,079)</b>	<b>(845,550)</b>
<b><u>Financing activities</u></b>			
Net of amounts transferred from the Social Security Corporation		572,656	605,178
<b>Net cash flows from financing activities</b>		<b>572,656</b>	<b>605,178</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>125,394</b>	<b>(66,982)</b>
Cash and cash equivalents at 1 January		635,352	702,334
<b>Cash and cash equivalents at 31 December</b>	<b>24</b>	<b>760,746</b>	<b>635,352</b>

The attached notes from 1 to 33 represent part of these separate financial statements

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(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 the Social Security Corporation in a manner that ensures the development of its financial resources, and in order to achieve the Social Security Corporation's objectives, the Fund undertakes the following tasks:

- Establishing projects in cooperation with the public and private sectors on corporation investments.
- Underwriting purchasing and selling of bonds, bills and other securities.
- 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 separate financial statements of the Social Security Investment Fund for the year 2018 have been approved by the Board of Investment on its meeting held on 25 April 2019.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**(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 separate financial statements represent the financials of the Fund, accordingly the financial statements of the subsidiaries were not been consolidated. The Fund prepared and issued its separate financial statements as at 31 December 2018 in accordance with International Financial Reporting Standard.

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

The separate 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.

**(2-2) CHANGES IN ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of separate the financial statements are consistent with those adopted for the year ended 31 December 2017, except for the adoption of new standards and amendments effective as of 1 January 2018:

**IFRS 9 Financial Instruments**

The Fund implemented IFRS (9) (2014) financial instruments on 1 January 2018, "the date of mandatory implementation. Where at that date the Fund had evaluated the requirements of expected credit losses, hedge accounting and amendments related classification and measurement of financial instruments.

The Fund implemented IFRS (9) retrospectively, and it has not restated comparative figures for 2017. The implementation impact of IFRS (9) was recognized through the cumulative surplus of revenues over accumulated losses on 1 January 2018.

IFRS 9 (financial instruments) replaces incurred credit losses module in accordance with IAS 39 (financial instruments: measurement and reclassification), and it included an inclusive module for the mechanism of recognizing and recording expected credit losses, the frame of hedge accounting, in addition to the requirements for classification and measurement.



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

The standard included a business module for debt instruments, loans, financial commitments, financial insurance contracts, deposits, accounts receivable, but it is not implemented on equity instruments.

The modified version of IFRS (9) (financial instruments) includes a classification mechanism for assets and liabilities.

IFRS (9) requires all financial assets to be classified in accordance with the institution's business module related to financial assets management and the properties of contractual cash flows of financial assets. The Fund has evaluated the implementation impact of IFRS (9) on the classification and measurement of financial assets and liabilities and evaluation of the Fund's financial assets and liabilities on the date of mandatory implementation which is 1 January 2018.

There is not material difference in the classification of financial assets and liabilities as a result from the implementation of IFRS (9).

The impact of this change in accounting policies on the separate financial statements of the Fund as at 1 January 2018 has been to decrease shareholders' equity by JD 43,969 thousand as follows:

<b>Effect of implementing the new expected credit loss model:</b>	<b>Thousands of Jordanian Dinars</b>
Deposits at banks and financial institutions	4,932
Loans and granted debits	21,379
Financial assets at amortized cost	8,828
Due from related parties	9,090
Other assets	(260)
<b>Total</b>	<b>43,969</b>

The implementation impact of IFRS (9) on opening balance is as follows:

<b>Item</b>	<b>Amount as of 31 December 2017</b>	<b>Expected Credit Losses *</b>	<b>Amount as of 1 January 2018 after effect of IFRS (9) adoption</b>
Deposits at banks and financial institutions	962,299	(4,932)	957,367
Loans and granted debts	229,637	(21,379)	208,258
Financial assets at amortized cost	4,969,768	(8,828)	4,960,940
Amounts due from related parties	43,031	(9,090)	33,941
Other assets	129,880	260	130,140
<b>Total</b>	<b>6,334,615</b>	<b>(43,969)</b>	<b>6,290,646</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

The beginning balance for the provisions amount after the effect of IFRS (9) adoption:

Item	Current provision amount as of 31 December 2017	Differences resulting from recalculation	Balance in accordance with IFRS (9)
Deposits at banks and financial institutions	-	(4,932)	(4,932)
Loans and granted debts	(2,168)	(21,379)	(23,547)
Financial assets at amortized cost	(567)	(8,828)	(9,395)
Due from related parties	-	(9,090)	(9,090)
Other assets	(1,543)	260	(1,283)

Expected credit losses for the year subsequent to 1 January 2018 per stage is as follows:

	Stage 1	Stage 2	Stage 3	Total
Deposits at banks and financial institutions	(4,932)	-	-	(4,932)
Loans and granted debts	(23,547)	-	-	(23,547)
Financial assets at amortized cost	(9,395)	-	-	(9,395)
Due from related parties	(9,090)	-	-	(9,090)
Other assets	(1,283)	-	-	(1,283)

Expected credit losses for the year subsequent to 31 December 2018 per stage is as follows:

	Stage 1	Stage 2	Stage 3	Total
Deposits at banks and financial institutions	(7,686)	-	-	(7,686)
Loans and granted debts	(23,537)	-	-	(23,537)
Financial assets at amortized cost	(13,505)	-	-	(13,505)
Due from related parties	(8,264)	-	-	(8,264)
Other assets	(25,451)	-	-	(25,451)

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Fund assessed that the impact of IFRS 15 is not material on its separate financial statements.

#### **IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations**

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 non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This interpretation does not have any impact on the Fund's separate financial statements.

#### **Amendments to IAS 40 Transfers of Investment Property**

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.

These amendments do not have any impact on the Fund's separate financial statements.

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

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. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Fund's separate financial statements.

#### **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.

These amendments do not have any impact on the Fund's separate financial statements.

### **(2-3) 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 separate statement of revenues and expenses.

A provision for expected credit losses for financial assets at amortization cost is recognized through reaching the estimate of default and loss assuming default, where the Fund relies on numerous main economic indicators in building a number of assumptions, most importantly GDF growth indicators, the financial market index and debt indicators in addition to the classification issued by credit rating institutions according to statistical data of the global default rates for such classification.

**Financial assets at fair value through the statement of revenues and expenses**

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

Financial assets at fair value through 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 separate statement of revenues and expenses.

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

**Financial assets at fair value through other comprehensive income**

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

These assets 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 denominated in foreign currencies are recognized in the statement of comprehensive income. In case of sale of such asset or part of it, the gain or loss arising is recorded in the statement of comprehensive income and in the statement of changes in equity and the valuation reserve balance, sold assets will be transferred directly to the surplus of revenues over expenses and not through the separate 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 without achieving control, considerations used to determine joint control is similar to those used to determine control over an association. Investment in associates are stated at fair value.

**Investments in subsidiaries**

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 returns through its authority over these subsidiaries, investments in subsidiaries are stated at fair value.

### **Investments in hotels**

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

### **Loans and granted debts**

A provision for expected credit losses for direct loans and granted debts is recognised through reaching the estimate of default and loss assuming default, where the Fund relies on numerous main economic indicators in building a number of assumptions, most importantly GDP growth indicators, the financial market index and debt indicators in addition to the classification issued by credit rating institutions according to statistical data of the global default rates for such classification.

A provision for expected credit losses for financial assets at amortized cost is recognized through reaching the estimate of default and loss assuming default, where the fund relies on numerous main economic indicators in building a number of assumptions, most importantly GDP growth indicators, the financial market index and debt indicators in addition to the classification issued by credit rating institutions according to statistical data of the global default rates for such classification.

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, financial assets at fair value through the statement of revenues and expenses, investment in subsidiaries, investments in associates and investment properties at fair value 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.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

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.

#### **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:

	<u>%</u>
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 separate 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 a change in estimates in future periods.



### **Investments properties**

Investment properties are stated at cost including transaction costs and is measured subsequently at fair value which primarily reflects the conditions and market prices as of the date of the separate 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 at the date of purchase using the cost of purchase.

Investment properties are valued using assumptions that reflect 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 non-performing 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**

Purchase and sale of financial assets is 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 rewards 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.

Assets purchased with a corresponding commitment to resell at a defined future date are not recognized in the financial statements, as a result of lack of control by the fund over these assets and as the related risks and rewards are not transferred to the fund upon occurrence.

Amounts related to those contracts are recognized within deposits at banks and financial institutions or within loans and granted debts, the difference between the resale and the purchase price is recognized as interest income realized over the period of the contract using the effective interest rate method.

#### **Income tax**

- Income tax provision is calculated in accordance with Income Tax Law No. (34) of year 2014.
- 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 taxes are taxes expected to be paid or recovered as a result of temporary differences in the value of assets or liabilities in the separate financial statements and the value upon which taxable income is calculated. Deferred taxes are provided using the liability method on the separate financial statements and are calculated based tax rates expected to be implemented upon the settlement of a tax commitment or upon the realization of tax asset.

#### **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 expenses.

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.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, balances with the Central Bank of Jordan, and balances at 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) SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

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

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

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

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

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

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

- Fair value levels:

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

- Provision for expected credit losses:

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

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

Methodology of application of IFRS (9) (Financial instruments): inputs, mechanisms and assumptions used to calculate expected credit losses.

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

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

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

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

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

The change between stage 2 and stage 3 depends on whether the financial instruments are impaired at the end of the financial period. The method for determining impairment of financial instruments in accordance with IFRS 9 is similar to the method for determining the defaults of financial assets in accordance with IAS 39 (financial instruments: recognition measurement) as described in the definition of default below.

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

Historical information, current conditions and expected future events should be considered based on reliable information when measuring expected credit losses for each stage.

The measurement and application of expected future information requires the Fund's management to make substantial efforts based on cooperation with international entities with expertise in this area.

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

Each macroeconomic scenario used to calculate the expected credit loss is linked to changing macroeconomic factors.

In our estimates used to calculate expected credit losses for stages 1 and 2 discounted weighted scenarios that include future macroeconomic information for the subsequent three years.

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

- **Definition of stumbling**

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

- **Expected life**

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

- **Scope of application**

All financial assets of the Fund which fall within the scope of IFRS (9) are measured as follows:

- Monetary market instruments include current accounts, deposits at banks, deposits against pledged bonds and swap contracts.
- Bonds include Jordanian treasury bonds, government bonds denominated in US dollars. Public institution bonds and private companies' bonds and debts.
- Loans including those guaranteed by the Jordanian government, legal guarantees, other loans and subsidiaries payables.
- Others

- **Hypotheses and methodology of work**

Each of the above investment instruments, which is subject to the scope of IFRS 9, has been examined to determine the probability of default and the loss ratios assuming default. A number of key economic indicators have been based on the construction of a number of assumptions, most importantly GDP growth indicators, the index of the financial market, indicators of public debt of the country, in addition to the sovereign classification of Jordan issued by credit rating institutions and according to the statistical data of the cumulative global default rates of the classification.

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**Governance for the application of IFRS 9 requirements:**

In order to insure compliance with the requirements of IFRS 9 and to insure that the application is in progress, a clear methodology has been developed within the Fund through the relevant departments to determine assumptions to be used to when determining the probability of default and loss ratio assuming default in accordance with the requirements of the standard.

The Fund also presented the methodology used for expected credit losses to upper management, the Investment Board and Board of Directors of the Corporation through committees emerging from those Boards.

**(4) CASH AND BANK BALANCES**

This item consists of the following:

	<u>2018</u>	<u>2017</u>
Current accounts and deposits on demand *	482	495
	<u>482</u>	<u>495</u>

\* This item includes the amount of JD 204 thousand as current accounts related to the Unemployment Fund as at 31 December 2018 (31 December 2017: JD 8 thousand).

- As at 31 December 2018 and 2017, current accounts do not include any balance with foreign banks and financial institutions.
- There were no restricted balances as at 31 December 2018 and 2017.

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

This item consists of the following:

	<u>2018</u>	<u>2017</u>
Deposits maturing within 3 months or less	760,264	634,857
Deposits maturing within 3 to 6 months	492,933	315,742
Deposits maturing within 6 to 12 months	128,930	11,700
	1,382,127	962,299
Less: provision for expected credit losses*	(7,686)	-
	<u>1,374,441</u>	<u>962,299</u>



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In THOUSANDS OF JORDANIAN DINARS)

- Interest rates on Jordanian Dinar deposits range between 2.75% to 6.25% for the year ended 31 December 2018 and from 2.75% to 5.5% for the year ended at 31 December 2017.
- There are no balances with foreign banks and financial institutions and there are no restricted balances as at 31 December 2018 and 2017.
- Deposits include an amount of JD 174 Million this amount represents deposits against the mortgage of government bonds for the benefit of the Fund held at Societe Generale Bank Jordan.

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

	2018			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2018 "adjusted"	4,932	-	-	4,932
Impairment loss on new balances during the year	2,754	-	-	2,754
Balance as at the end of the year	7,686	-	-	7,686

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

This item consists of the following:

**Quoted shares:**

	2018	2017
Local	117,703	126,348
Foreign	8,658	9,422
	126,361	135,770

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

This item consists of the following:

	2018	2017
Direct loans	224,415	176,672
Syndicated loans	51,925	55,125
Housing loans	-	8
	276,340	231,805
Less: provision for expected credit losses*	(23,537)	(2,168)
	252,803	229,637

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

	2018			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2018 "adjusted"	23,547	-	-	23,547
Impairment loss on new balances during the year (direct loans)	203	-	-	203
Recovered from impairment loss during the year (syndicated loans)	(213)	-	-	(213)
Balance as at the end of the year	23,537	-	-	23,537

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

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

	Balance	Interest rate	The maturity date of the last installment	Guarantees
		%		
Direct loans	224,415	1 – 9	31 December 2040	Governmental, real estates, legal
Syndicated loans	51,925	2.15 – 9.55	18 October 2025	Governmental, pledge of shares, legal
	<u>276,340</u>			

Non-performing loans and debts amounted to JD 2,160 thousand representing 0.85% of loans and granted debts as at 31 December 2018 compared of JD 2,168 thousand representing 0.94% of loans and granted debts at 31 December 2017. 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:

	2018	2017
Quoted shares in local financial markets*	1,325,911	1,274,373
Non-quoted shares in local financial markets	50,544	54,322
<b>Other financial assets:</b>		
Investments in mutual funds (USD)	10,046	11,638
	<u>1,386,501</u>	<u>1,340,333</u>

**\* Quoted financial assets at fair value through other comprehensive income distributed according to sectors:**

This item consists of the following:

	Rate	2018	Rate	2017
	%		%	
Banking sector	82.7	1,096,424	82.3	1,049,164
Manufacturing sector	13.7	181,916	14.9	190,038
Services sector	3.3	44,044	2.6	32,668
Insurance sector	0.3	3,527	0.2	2,503
		<u>1,325,911</u>		<u>1,274,373</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(IN THOUSANDS OF JORDANIAN DINARS)

**(9) INVESTMENTS IN SUBSIDIARIES**

This item consists the following:

Company name	Number of shares capital	No. of shares owned by the fund	Ownership percentage %	Nature of Business	2018	2017
<b>Listed on the Amman Stock Exchange*</b>						
Jordan Duty Free Company**	22,500,000	12,711,006	56.5	Duty free	165,243	141,940
Jordan Press Foundation (Al-Rai)	10,000,000	5,492,000	54.9	Press and publishing	1,538	2,471
Al-Daman for Investment Company	10,000,000	6,140,000	61.4	Investment	6,140	6,140
					<u>172,921</u>	<u>150,551</u>
<b>Non-listed *</b>						
National Company for Touristic Development	2,050,000	2,050,000	100	Tourism	33,549	25,490
Rama for Investment and Saving	560,000	560,000	100	Investment	2,480	2,256
United Traveling Center	4,654,339	4,654,339	100	Rental services	3,103	3,421
Daman for Energy Investment	20,000,000	20,000,000	100	Energy Investments	65,732	70,062
Al Daman for Zone development	40,000,000	40,000,000	100	Investment	33,457	35,480
Jordan Daman Company for International Business	100,000	100,000	100	Investment	84	-
Al-Daman for Finance Leasing***	100,000	100,000	100	Finance leasing	490	90
Al-Daman for Hotel Transport Services	100,000	100,000	100	Tourism	100	95
					<u>138,995</u>	<u>136,894</u>
					<u>311,916</u>	<u>287,445</u>

\* Current and non-current investments in subsidiaries 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 retained earnings and voluntary reserve accounts. These were distributed as free shares to existing shareholders depending on their previous ownership percentage. The Company obtained an approval from the Companies Control Department on 27 December 2017 and the shares were distributed on 12 January 2018. After the completion of the necessary procedures and the approval of the Securities Authority. The number of shares owned by the Fund in Jordan Duty Free company became JD 12.7 million/share with an ownership percentage of 56.5% as at 31 December 2018.

\*\*\* The General Assembly for Al-Daman for Finance Leasing approved in its meeting held on 20 March 2018 to increase the Company's capital by JD 400 thousand to become JD 500 thousand through cash deposit. The Ministry of Industry and Trade has approved the share capital increase on 15 February 2019.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(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	2018	2017
<b><u>Listed on the Amman Stock Exchange:</u></b>						
Jordan Cement Factories	60,444,460	13,197,226	21.8	Construction	8,182	15,969
Jordan Petroleum Refinery	100,000,000	20,140,624	20.1	Petrochemical	45,719	51,560
Jordan Kuwait Bank	100,000,000	21,041,644	21	Banking	61,021	73,646
Jordan Worsted Mills Factories	15,000,000	3,000,000	20	Textiles	9,000	10,080
Jordan Telecommunication	187,500,000	54,150,000	28.9	Telecommunication	75,269	115,881
Jordan Electricity Company	86,080,154	18,476,784	21.5	Energy	21,987	31,751
					<u>221,178</u>	<u>298,887</u>
<b><u>Non-listed:</u></b>						
AlSalam Industrial Investment and Development Company*	1,400,000	700,000	50	Investment	-	-
Arab Engineering Industries*	1,816,990	376,363	20.7	Engineering	-	-
Munya Company for Resorts *	20,000,000	5,200,000	26	Investment	-	-
South Dead Sea Development Co.	17,000,000	5,100,000	30	Investment	7,412	8,846
					<u>7,412</u>	<u>8,846</u>
					<u>228,590</u>	<u>307,733</u>

\* These investments are recorded at JD 1.

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(In Thousands of Jordanian Dinars)

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

This item consists of the following:

	<u>Average interest rates</u>	<u>2018</u>	<u>2017</u>
	%		
<b>A- Government and public institution bonds</b>			
Treasury bonds*	3.18 – 7.99	5,290,441	4,784,567
Public institutions bonds	3.97 – 6.48	73,202	81,686
		<u>5,363,643</u>	<u>4,866,253</u>
<b>B- Bonds, debts and other securities</b>			
Private companies bonds and debts	3.6 – 10.67	131,929	104,082
Less: provision for expected credit losses**		(13,505)	(567)
		<u>118,424</u>	<u>103,515</u>
		<u>5,482,067</u>	<u>4,969,768</u>

\* This item includes an amount of JD 346,643 thousand as of 31 December 2018 which represents bonds related to the Unemployment Fund (31 December 2017: JD 289,111 thousand).

Financial assets maturities range from one month to 15 years.

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

	<u>2018</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Balance as at 1 January 2018 "adjusted"	9,395	-	-	9,395
Impairment loss on new balances during the year	<u>4,110</u>	<u>-</u>	<u>-</u>	<u>4,110</u>
Balance as at the end of the year	<u>13,505</u>	<u>-</u>	<u>-</u>	<u>13,505</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

**(12) INVESTMENT PROPERTIES**

This item consists of the following:

	2018	2017
Investment lands	582,048	565,314
Investment buildings	14,305	13,804
	<u>596,353</u>	<u>579,118</u>

Movements on investment properties for the year were as follows:

	2018	2017
Balance at the beginning of the year	579,118	579,140
Purchases of property investments	16,787	8,162
Disposals of property investments	-	(1,887)
Transferred (to) from Social Security Corporation*	(68)	404
Transferred (to) from property and equipment (note 15)**	(854)	2,270
Gains (losses) on valuation of investment properties at fair value (note 21)	699	(8,971)
Transferred from projects under construction***	671	-
Balance at the end of the year	<u>596,353</u>	<u>579,118</u>

\* During 2018 Al Ramtha land was transferred to the Social Security Corporation to be used for administrative purposes.

\*\* During 2018 the investment building, which was operated by the National Company for Touristic Development (a subsidiary) was transferred to property and equipment to be used as warehouses for the fund.

\*\*\* During 2018, the new administrative fund building in Shmeisani was capitalized. Management of the Fund classified the first floor as investment property because the management of the fund leased this floor to the national tourism Development Company (a subsidiary).

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(In Thousands of Jordanian Dinars)**

**(13) INVESTMENTS IN JOINT OPERATIONS**

This item represents investments 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 are stated at cost as at 31 December 2018, the details of the operations were as follows:

	<u>2018</u>	<u>2017</u>
Al-Zaytuna project (1)*	1,035	1,004
Al-Zaytuna project (2)	<u>997</u>	<u>997</u>
	<u>2,032</u>	<u>2,001</u>

\* It is expected that during 2019, the project will be transferred to investment properties.

**(14) INVESTMENTS IN HOTELS**

This item consists of the following:

	<u>2018</u>	<u>2017</u>
Crown Plaza Hotel-Amman	31,838	31,307
Crown Plaza Resort- Petra	13,901	13,715
Intercontinental Resort-Aqaba	55,737	55,688
Amman Cham Palace Hotel- Amman	9,737	9,493
Crown Plaza Resort-Dead sea	94,933	94,908
Holiday Inn Resort- Dead sea	<u>45,153</u>	<u>45,153</u>
	<u>251,299</u>	<u>250,264</u>

Investments in hotels are stated at cost and the assets of these hotels are depreciated in their respective financial statements and are separate in the financial statements of the Fund.



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(In Thousands of Jordanian Dinars)

**(15) PROPERTY AND EQUIPMENT**

	Land	Buildings	Machinery equipment and furniture	Vehicles	Computers	Computer Software	Total
<b>2018 -</b>							
<b>Cost:</b>							
Balance at the beginning of the year	-	420	169	153	292	433	1,467
Additions	-	-	15	-	8	55	78
Disposals	-	-	-	-	-	(27)	(27)
Transfers from projects under construction (note 16) *	2,824	2,071	-	-	-	-	4,895
Transfers from investment properties (note 12) **	195	659	-	-	-	-	854
<b>Balance at the end of the year</b>	<b>3,019</b>	<b>3,150</b>	<b>184</b>	<b>153</b>	<b>300</b>	<b>461</b>	<b>7,267</b>
<b>Accumulated depreciation:</b>							
Balance at the beginning of the year	-	420	100	142	258	409	1,329
Depreciation for the year	-	38	23	1	20	14	96
Disposal	-	-	-	-	-	(27)	(27)
<b>Balance at the end of the year</b>	<b>-</b>	<b>458</b>	<b>123</b>	<b>143</b>	<b>278</b>	<b>396</b>	<b>1,398</b>
<b>Net book value at 31 December 2018</b>	<b>3,019</b>	<b>2,692</b>	<b>61</b>	<b>10</b>	<b>22</b>	<b>65</b>	<b>5,869</b>

\* During 2018, the new administrative Fund building in Shmeisani was capitalized with a total cost of JD 4,895 thousand.

\*\* During 2018 the investment building, which was operated by the National Company for Touristic Development (a subsidiary) was transferred to property and equipment to be used as a warehouse by the Fund.

- The balance of full depreciated property and equipment amounted to JD 701 thousand as at 31 December 2018.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(In Thousands of Jordanian Dinars)**

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

\* During 2017, the Zahran administrative land and building was transferred to investment in properties.

- The balance of fully depreciated property and equipment amounted by JD 726 thousand as at 31 December 2017.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(In Thousands of Jordanian Dinars)

**(16) OTHER ASSETS**

This item consists of the following:

	2018	2017
Accrued interest*	99,807	83,609
Project under construction**	35,578	40,819
Housing fund deposits	2,945	3,096
Advance payments to purchase lands	1,305	1,128
Receivables and fines of lessees receivables	2,612	2,531
Others	798	240
	<u>143,045</u>	<u>131,423</u>
Less: provision for expected credit losses***	<u>(2,677)</u>	<u>(1,543)</u>
	<u>140,368</u>	<u>129,880</u>

\* This item includes an amount of JD 4,744 thousand as of 31 December 2018, which represents accrued interests related to Unemployment Fund (31 December 2017: JD 5,980 thousand).

\*\* This item includes an amount of JD 32,122 thousand which represents the value of the touristic beach project. The Board of investment decided to operate the beach by one of the international management companies through the year 2018 and is expected to be capitalized by the Fund during the year 2019.

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

	2018			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2018 "adjusted"	1,283	-	-	1,283
Impairment loss on new balances during the year	1,394	-	-	1,394
Balance as at the end of the year	<u>2,677</u>	<u>-</u>	<u>-</u>	<u>2,677</u>

**(17) OTHER LIABILITIES**

This item consists of the following:

	2018	2017
Deferred revenues	1,174	1,019
Broker's payables	-	-
Sales Tax Provision*	-	1,087
Others	<u>1,826</u>	<u>1,417</u>
	<u>3,000</u>	<u>3,523</u>

\* The Social Security Corporation has prepared a reconciliation with the Income and Sales Tax Department regarding sales tax on income generated from the rest houses owned by the corporation 2005-2012. This resulted in the fund paying an amount JD 176 thousand benefiting from exemption issued by the Council of Ministers in 2018.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(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 were invested in Jordanian treasury bonds based on the decision of the Board of Investment, on 26 June 2013.

Movements during the years 2018 and 2017 were as follows:

	2018	2017
Balance at the beginning of the year	293,029	236,114
Unemployment Fund's share of amounts transferred from the Corporation	44,003	45,498
Unemployed Fund's share of the Investment Fund's returns during the year	14,869	11,417
Balance at the end of the year	351,901	293,029

**(19) INTEREST INCOME**

This item consists of the following:

	2018	2017
Interest of balances and deposits at banks and financial institutions*	58,901	38,826
Interest of bonds and treasury bills*	283,015	233,791
Interest of loans and granted debts	12,414	9,634
	354,330	282,251

\* These items include an amount of JD 14,892 thousand as of 31 December 2018 which represents interest income for the benefit of the unemployed fund (31 December 2017: by JD 11,437 thousand)

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

This item consists of the following:

	2018	2017
Realized gains	26	270
Unrealized revaluations losses	(13,405)	(440)
Commission on purchasing and selling financial assets at fair value through revenues and expenses	(17)	-
	(13,396)	(170)

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(In Thousands of Jordanian Dinars)**

**(21) GAINS (LOSSES) ON INVESTMENT PROPERTIES – NET**

This item consists of the following:

	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>		
Leased properties revenue	1,791	1,662
Gain on sale of investment properties	-	378
Gain on investment properties/ lawsuits	-	2,931
<b>Expenses:</b>		
Management fees, valuation and other expenses	(343)	(289)
<b>Change in fair value:</b>		
Gains (losses) on valuation of investment properties at fair value (note 12)	699	(8,971)
	<u>2,147</u>	<u>(4,289)</u>

**(22) DIVIDENDS DISTRIBUTION**

This item consists of the following:

	<u>2018</u>	<u>2017</u>
Dividends distribution from subsidiaries	13,334	9,321
Dividends distribution from associates	16,740	15,100
Dividends distribution on financial assets through other comprehensive income	64,219	56,130
Dividends distribution on financial assets through the statement of revenues and expenses	6,680	6,916
	<u>100,973</u>	<u>87,467</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(In Thousands of Jordanian Dinars)**

**(23) GENERAL AND ADMINISTRATIVE EXPENSES**

This item consists of the following:

	<u>2018</u>	<u>2017</u>
Salaries and wages	1,893	1,846
Incentives and rewards	454	365
Contribution to social security	265	243
Professional fees and legal and technical consultancy	153	193
Maintenance and support of software	133	26
Depreciation (note 15)	96	85
Electricity, water and fuel	89	97
Board of investment members remuneration	82	79
Transportation	51	48
Subscriptions	51	47
Cleaning expenses	43	30
Remuneration of Investment Board committee	30	29
Stationery	28	30
Training and courses	25	22
Insurance	20	22
Contribution to the saving fund	14	14
Telephone, mail and internet	14	14
General maintenance	13	11
Advertising and public relations	9	25
Bank charges	3	4
Daily wages and travel expenses	-	1
Others	113	82
	<u>3,579</u>	<u>3,313</u>

**(24) CASH AND CASH EQUIVALENTS**

This item consists of the following:

	<u>2018</u>	<u>2017</u>
Current accounts and deposits on demand (note 4)	482	495
Deposits maturing within three months or less (note 5)	<u>760,264</u>	<u>634,857</u>
	<u>760,746</u>	<u>635,352</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(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.

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

<b><u>Statements of separate financial position items</u></b>	<b>2018</b>				<b>2017</b>
	<b>Parent Company</b>	<b>Subsidiaries</b>	<b>Associates</b>	<b>Total</b>	<b>Total</b>
<b>Assets and liabilities:</b>					
<b>Bank balances and deposits-</b>					
Jordan Kuwait Bank (current account)	-	-	2	2	88
Jordan Kuwait Bank (deposits)	-	-	51,834	51,834	40,479
<b>Investment in shares</b>	-	311,916	228,590	540,506	595,178
<b>Investment in hotels</b>	-	251,299	-	251,299	250,264
<b>Due from related parties-</b>					
National for Tourism Development*	-	10,189	-	10,189	10,421
United Travelling Center	-	-	-	-	3
Daman for Energy Investment	-	-	-	-	-
Jordanian Daman Company for International Business	-	29,715	-	29,715	32,607
	-	39,904	-	39,904	43,031
Less: provision for expected credit losses**	-	(8,264)	-	(8,264)	-
	-	31,640	-	31,640	43,031
<b>Loans -</b>					
Al-Daman for International Investments	-	51,060	-	51,060	51,060
Kingdom Electricity	-	35,164	-	35,164	35,164
Social Security Corporation	50,000	-	-	50,000	40,000
Daman for Finance Leasing	-	56,137	-	56,137	19,510

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

<u>Elements of the separate statements of</u> <u>revenues and expenses</u>	2018					2017
	Parent Company	Subsidiaries	Associates	Other	Total	Total
<b>Interest-</b>						
Current account with Jordan Kuwait Bank	-	-	2	-	2	13
Deposits with Jordan Kuwait Bank	-	-	2,249	-	2,249	651
Kingdom Electricity Company loan	-	2,612	-	-	2,612	949
Al-Daman for Finance Leasing loan	-	2,520	-	-	2,520	683
Al-Daman for International Investments loan	-	518	-	-	518	1,545
Social Security Corporation	1,753	-	-	-	1,753	1,320
<b>Dividends Income-</b>						
Daman for Investment	-	245	-	-	245	-
Jordan Duty Free shops	-	10,169	-	-	10,169	9,321
Rama for investment	-	84	-	-	84	-
Daman for Energy Investment	-	2,835	-	-	2,835	-
Jordan Electricity Power Company	-	-	897	-	897	915
Jordan Petroleum Refinery	-	-	4,028	-	4,028	4,028
Jordan Worsted Milles	-	-	675	-	675	750
Jordan Telecom Group	-	-	6,931	-	6,931	5,198
Jordan Kuwait Bank	-	-	4,208	-	4,208	4,208
Executive management salaries and remunerations	-	-	-	840	840	812
Investment Board remuneration	-	-	-	112	112	108
<b>Rental income-</b>						
National tourism and development company	-	36	-	-	36	32

\* 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 ownership of the land was registered in the name of the National Company for Touristic Development.

\*\* Movements on provision for expected credit losses for due from elated parties were as follows:

	2018			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2018 "adjusted"	9,090	-	-	9,090
Recovered from impairment loss during the year	(826)	-	-	(826)
Balance as at the end of the year	8,264	-	-	8,264



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(In Thousands of Jordanian Dinars)**

**(26) INCOME TAX**

Movements on income tax provision were as follows

	<u>2018</u>	<u>2017</u>
Balance at the beginning of the year	442	520
Provision for the year	337	310
Income tax paid	<u>(311)</u>	<u>(388)</u>
Balance at the end of the year	<u>468</u>	<u>442</u>

Income tax provision for the year ended 31 December 2018 has been calculated in accordance with income tax law No. (34) of 2014. Management believes that the provision amounting to JD 468 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 2018 and 2017. The Income Tax Department has not reviewed the records up to the date of the separate 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.

Financial assets consist of cash and bank balances, deposits at banks and financial institutions, 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.

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 then handles the variances that exceed allowed limits.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

---

**(In Thousands of Jordanian Dinars)**

In addition, the Fund also ensures the compliance with laws and regulations that govern the Fund's activities which is reflected 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.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

**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.

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 the management of 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 separate 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 separate statement of revenues and expenses to reasonably possible changes in interest rate as of 31 December while other variables held constant:

Currency	Increase in interest rate	Impact on surplus of revenues over expenses for the year
	%	
<b>2018-</b>		
JD	1	68,669
USD	1	2,429
<b>2017-</b>		
JD	1	60,942
USD	1	680

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

The sensitivity of interest rates is as follows:

	Up to one month	one to three months	three to six months	More than six months up to a year	More than One year up to three years	More than three years	Non-Interest bearing	Total
<b>2018 -</b>								
<b>Assets</b>								
Cash and bank balances	482	-	-	-	-	-	-	482
Deposits at banks and financial institutions	565,884	194,380	492,933	121,244	-	-	-	1,374,441
Financial assets at fair value through statement of revenue and expense	-	-	-	-	-	-	128,381	128,381
Loans and granted debts	4,012	1,939	1,494	10,840	36,831	197,587	-	252,803
Financial assets at fair value through comprehensive income	-	-	-	-	-	-	1,386,501	1,386,501
Investments in subsidiaries	-	-	-	-	-	-	311,916	311,916
Investments in associates	-	-	-	-	-	-	228,590	228,590
Financial assets at amortized cost	78,929	103,850	449,831	400,144	1,840,257	2,811,056	-	5,482,067
Due from related parties	-	-	-	-	-	-	31,840	31,840
Investments properties	-	-	-	-	-	-	598,353	598,353
Investments in joint operations	-	-	-	-	-	-	2,032	2,032
Investment in hotels	-	-	-	-	-	-	251,299	251,299
Property and equipment	-	-	-	-	-	-	5,869	5,869
Other assets	-	-	-	-	-	-	140,388	140,388
<b>Total Asset</b>	<b>647,307</b>	<b>300,169</b>	<b>944,258</b>	<b>532,328</b>	<b>1,877,088</b>	<b>3,008,843</b>	<b>3,080,829</b>	<b>10,190,722</b>
<b>Social Security Corporation Equity and Liabilities</b>								
<b>Social Security Corporation Equity -</b>								
Social Security Corporation current account	-	-	-	-	-	-	5,821,482	5,821,482
Social Security Corporation current account - Unemployment Fund	-	-	-	-	-	-	351,901	351,901
Fair value reserve	-	-	-	-	-	-	354,028	354,028
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	3,659,863	3,659,863
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,187,254</b>	<b>10,187,254</b>
<b>Liabilities -</b>								
<b>Other liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>
Income tax provision	-	-	-	-	-	-	468	468
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,468</b>	<b>3,468</b>
<b>Total Social Security Corporation Equity and Liabilities</b>							<b>10,190,722</b>	<b>10,190,722</b>
<b>Sensitivity variance</b>	<b>847,307</b>	<b>300,169</b>	<b>944,258</b>	<b>532,328</b>	<b>1,877,088</b>	<b>3,008,843</b>	<b>(7,108,793)</b>	<b>-</b>
<b>Accumulated sensitivity variance</b>	<b>847,307</b>	<b>947,478</b>	<b>1,891,734</b>	<b>2,424,062</b>	<b>4,101,150</b>	<b>7,108,793</b>	<b>-</b>	<b>-</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

The sensitivity of interest rates is as follows:

	Up to one month	one to three months	three to six months	More than six months up to a year	More than One year up to three years	More than three years	Non-interest bearing	Total
<b>2017 -</b>								
<b>Assets</b>								
Cash and bank balances	495	-	-	-	-	-	-	495
Deposits at banks and financial institutions	338,758	286,099	315,742	11,700	-	-	-	962,299
Financial assets at fair value through the statement of revenue and expense	-	-	-	-	-	-	135,770	135,770
Loans and granted debts	4,008	2,039	1,198	7,248	57,321	157,825	-	229,637
Financial assets 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	-	4,869,768
Due from related parties	-	-	-	-	-	-	43,031	43,031
Investment properties	-	-	-	-	-	-	579,118	579,118
Investments in joint operations	-	-	-	-	-	-	2,001	2,001
Investments in hotels	-	-	-	-	-	-	250,284	250,284
Property and equipment	-	-	-	-	-	-	138	138
Other assets	-	-	-	-	-	-	129,880	129,880
<b>Total Asset</b>	<b>343,259</b>	<b>339,130</b>	<b>420,529</b>	<b>537,106</b>	<b>1,579,988</b>	<b>2,942,187</b>	<b>3,075,713</b>	<b>9,237,912</b>
<b>Social Security Corporation Equity and Liabilities</b>								
<b>Social Security Corporation Equity -</b>								
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	-	-	-	-	-	-	382,812	382,812
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	3,285,229	3,285,229
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,233,947</b>	<b>9,233,947</b>
<b>Liabilities -</b>								
Other liabilities	70	20	-	1,328	-	2,105	-	3,523
Income tax provision	-	-	-	442	-	-	-	442
<b>Total liabilities</b>	<b>70</b>	<b>20</b>	<b>-</b>	<b>1,770</b>	<b>-</b>	<b>2,105</b>	<b>-</b>	<b>3,965</b>
<b>Total Social Security Corporation Equity and Liabilities</b>								
<b>Sensitivity variance</b>	<b>70</b>	<b>20</b>	<b>-</b>	<b>1,770</b>	<b>-</b>	<b>2,105</b>	<b>9,233,947</b>	<b>9,237,912</b>
	<b>343,189</b>	<b>339,110</b>	<b>420,529</b>	<b>535,336</b>	<b>1,579,988</b>	<b>2,940,082</b>	<b>(9,159,234)</b>	<b>-</b>
<b>Accumulated sensitivity variance</b>	<b>343,189</b>	<b>682,299</b>	<b>1,102,828</b>	<b>1,638,164</b>	<b>3,218,152</b>	<b>6,158,234</b>	<b>-</b>	<b>-</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(In Thousands of Jordanian Dinars)

**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 separate 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 the statement of revenues and expenses) and fair value reserve (financial assets at fair value through other comprehensive income) as a result of reasonable changes in share prices, assuming that other variables held constant:

2018-	Change in indicator	Effect on surplus of revenues over expenses for the year	Effect on Social Security Corporation equity
	%		
<b>Indicator</b>			
Amman stock exchange	5	5,885	91,886
Palestine stock exchange	5	433	433
		<u>6,318</u>	<u>92,319</u>
<b>2017-</b>			
<b>Indicator</b>			
Amman stock exchange	5	6,317	92,508
Palestine stock exchange	5	471	471
		<u>6,788</u>	<u>92,979</u>

The effect of the 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'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 was 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 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 to maintain deposits and provide liquidity retention of deposits and the provision of the liquidity.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

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

	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non- interest bearing	Total
<b>2018 -</b>								
<b>Assets</b>								
Cash and bank balances	482	-	-	-	-	-	-	482
Deposits at banks and financial institutions	565,884	194,380	492,933	121,244	-	-	-	1,374,441
Financial assets at fair value through statement of revenue and expense	-	-	-	-	-	-	126,361	126,361
Loans and granted debts, net	4,012	1,939	1,494	10,940	36,831	197,587	-	252,803
Financial assets at fair value through comprehensive income	-	-	-	-	-	-	1,386,501	1,386,501
Investments in subsidiaries	-	-	-	-	-	-	311,916	311,916
Investments in associates	-	-	-	-	-	-	228,590	228,590
Financial assets at amortized cost	76,929	103,850	449,831	400,144	1,640,257	2,811,056	-	5,482,067
Due from related parties	-	-	-	-	-	-	31,640	31,640
Investments properties	-	-	-	-	-	-	596,353	596,353
Investments in joint operations	-	-	-	-	-	-	2,032	2,032
Investments in hotels	-	-	-	-	-	-	251,299	251,299
Property and equipment	-	-	-	-	-	-	5,869	5,869
Other assets	-	-	-	-	-	-	140,368	140,368
<b>Total Asset</b>	<b>647,307</b>	<b>300,169</b>	<b>944,258</b>	<b>532,328</b>	<b>1,677,088</b>	<b>3,008,643</b>	<b>3,080,929</b>	<b>10,190,722</b>
<b>Social Security Corporation equity and Liabilities</b>								
<b>Social Security Corporation Equity -</b>								
Social Security Corporation current account	-	-	-	-	-	-	5,821,462	5,821,462
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	351,901	351,901
Fair value reserve	-	-	-	-	-	-	354,028	354,028
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	3,659,863	3,659,863
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,187,254</b>	<b>10,187,254</b>
<b>Liabilities -</b>								
Other liabilities	807	-	-	-	2,193	-	-	3,000
Income tax provision	-	-	-	468	-	-	-	468
<b>Total liabilities</b>	<b>807</b>	<b>-</b>	<b>-</b>	<b>468</b>	<b>2,193</b>	<b>-</b>	<b>-</b>	<b>3,468</b>
<b>Total Social Security Corporation Equity and Liabilities</b>	<b>807</b>	<b>-</b>	<b>-</b>	<b>468</b>	<b>2,193</b>	<b>-</b>	<b>10,187,254</b>	<b>10,190,722</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non interest bearing	Total
<b>2017 -</b>								
<b>Assets</b>								
Cash and bank balances	495	-	-	-	-	-	-	495
Deposits at banks 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	4,006	2,039	1,198	7,248	57,321	157,825	-	229,637
Financial assets 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
Investments properties	-	-	-	-	-	-	579,118	579,118
Investments in joint operations	-	-	-	-	-	-	2,001	2,001
Investments in hotels	-	-	-	-	-	-	250,264	250,264
Property and equipment	-	-	-	-	-	-	138	138
Other assets	-	-	-	-	-	-	129,880	129,880
<b>Total Asset</b>	<b>343,259</b>	<b>339,130</b>	<b>420,529</b>	<b>537,106</b>	<b>1,579,988</b>	<b>2,942,187</b>	<b>3,075,713</b>	<b>9,237,912</b>
<b>Social Security Corporation Equity and Liabilities</b>								
<b>Social Security Corporation Equity -</b>								
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	-	-	-	-	-	-	362,812	362,812
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	3,285,229	3,285,229
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,233,947</b>	<b>9,233,947</b>
<b>Liabilities -</b>								
Other liabilities	70	20	-	1,328	-	2,105	-	3,523
Income tax provision	-	-	-	442	-	-	-	442
<b>Total liabilities</b>	<b>70</b>	<b>20</b>	<b>-</b>	<b>1,770</b>	<b>-</b>	<b>2,105</b>	<b>-</b>	<b>3,965</b>
<b>Total Social Security Corporation Equity and Liabilities</b>	<b>70</b>	<b>20</b>	<b>-</b>	<b>1,770</b>	<b>-</b>	<b>2,105</b>	<b>9,233,947</b>	<b>9,237,912</b>



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(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:

	2018		2017	
	Assets	Liabilities	Assets	Liabilities
<b>Geographical region</b>				
Inside the kingdom	10,182,064	3,468	9,228,490	3,965
Arabian countries (note 6)	8,658	-	9,422	-
	<u>10,190,722</u>	<u>3,468</u>	<u>9,237,912</u>	<u>3,965</u>

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

	Inside Jordan		Outside Jordan		Total	
	2018	2017	2018	2017	2018	2017
Total revenues	437,654	362,645	(164)	685	437,490	363,330
Capital expenses	78	66	-	-	78	66

**(30) CONTINGENT LIABILITIES**

Contingent liabilities and commitments of the Fund as at 31 December 2018 are as follows:

letters of credit and letter of guarantees amounting to JD 130 thousand without cash collateral (31 December 2017: JD 30 thousand).

**(31) LAWSUITS**

As at 31 December 2018, the Fund was defendant in a number of lawsuits amounted to JD 345 thousand (31 December 2017: 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.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(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 separate financial statements are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

**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.

**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 1 January 2019, but certain transition reliefs are available.

(In Thousands of Jordanian Dinars)

**Amendments to IFRS 9: Prepayment Features with Negative Compensation**

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted.

**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.

**Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Fund.

**(33) COMPARATIVE FIGURES**

Some of 2017 balances were reclassified to correspond with the 2018 presentation. The reclassification had no effect on the revenues over expenses and social security corporation equity for the year 2017.

# SSIF Consolidated Financial Statements as at 31/12/2018



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

**Report on the audit of the consolidated financial statements**

**Opinion**

We have audited the consolidated financial statements of Social Security Investment Fund (the "Fund") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of revenues and expenses, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### Report on other legal and regulatory

The Group maintains proper books of accounts, which are in agreement with the consolidated financial statements.

Amman – Jordan  
27 June 2019

*Ernst + Young*

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Notes	2018	2017
<b>Assets</b>			
Cash and bank balances	3	14,682	16,700
Deposits at banks and financial institutions	4	1,452,854	1,034,103
Financial assets at fair value through the statement of revenues and expenses	5	126,361	135,770
Loans and granted debts	6	183,736	144,333
Financial asset at fair value through other comprehensive income	7	1,448,297	1,383,910
Investments in associates	8	476,140	490,641
Financial assets at amortized cost	9	5,482,067	4,969,768
Subscribers' contributions and rural files assets	10	184,531	179,705
Projects in progress	11	99,918	94,255
Inventory	12	39,311	30,553
Property and equipment	13	349,697	343,194
Investments properties	14	656,639	628,431
Investments in joint operations	15	2,032	2,001
Due from related parties	36	171	144
Intangible assets	16	63,787	66,787
Other assets	17	562,718	403,566
<b>Total assets</b>		<b>11,142,941</b>	<b>9,923,861</b>
<b>Liabilities and Equity</b>			
<b>Liabilities-</b>			
Subscribers' contributions and rural files liabilities	10	184,531	179,705
Electricity service subscribers' deposits	18	65,836	60,134
Advance payments from electricity subscribers	19	25,189	23,534
Due to National Electric Power Company	20	400,782	256,594
Bank loans	21	58,529	65,400
End of service indemnity provision	22	15,044	12,450
Due to banks	23	61,032	49,901
Income tax provision	43	4,367	3,836
Other liabilities	24	117,447	117,724
<b>Total liabilities</b>		<b>932,757</b>	<b>769,278</b>
<b>Equity-</b>			
<b>Social Security Corporation Equity-</b>			
Social security corporation current account		5,769,686	5,244,673
Social security corporation current account – unemployment fund	27	351,901	293,029
Property and equipment revaluation reserve	25	31,812	31,812
Fair value reserve	26	329,620	271,177
Cash flow hedges reserve		(127)	-
Surplus of revenues over accumulated expenses		3,668,362	3,257,783
<b>Net Social Security Corporation Equity</b>		<b>10,151,254</b>	<b>9,098,474</b>
Non-controlling interests	28	58,930	56,109
<b>Net Equity</b>		<b>10,210,184</b>	<b>9,154,583</b>
<b>Total liabilities and equity</b>		<b>11,142,941</b>	<b>9,923,861</b>

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



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Notes	2018	2017
<b>Revenues -</b>			
Hotels		36,474	34,636
Press and publication		10,144	12,234
Energy		563,535	559,317
Commercial		91,151	84,844
Others		2,034	2,220
		<u>703,338</u>	<u>693,251</u>
<b>Gross revenues</b>		<u>(547,745)</u>	<u>(559,722)</u>
Cost of revenues			
<b>Net operating revenues</b>	29	<u>155,593</u>	<u>133,529</u>
Interest income	30	355,460	282,787
Losses of financial assets at fair value through the statement of revenues and expenses	31	(13,396)	(170)
Group's share of associates' net operating results	8	18,246	14,626
Gains (losses) on investment properties	32	11,250	(16,363)
Cash dividends		71,981	63,985
Other revenues		33,366	19,894
		<u>632,500</u>	<u>498,288</u>
<b>Net revenues</b>			
<b>Expenses-</b>			
General and administrative expenses	33	(71,813)	(67,659)
Energy and maintenance expenses		(8,894)	(8,103)
Selling and distribution expenses		(7,725)	(7,316)
Impairment losses on property and equipment		-	(323)
Depreciation of property and equipment	13	(30,805)	(30,511)
Amortization of intangible assets	16	(3,017)	(3,088)
Provision for expected credit losses		(11,700)	(295)
Provision for slow moving inventory	12	(999)	(917)
Bank charges, commissions, and interest	34	(29,269)	(19,759)
Provision for impairment of investments		1,028	(411)
Other expenses		(459)	-
		<u>(163,653)</u>	<u>(138,382)</u>
<b>Total expenses</b>			
Surplus of revenues over expenses for the year before income tax		468,847	359,906
Income tax expense	43	(5,225)	(4,270)
		<u>463,622</u>	<u>355,636</u>
<b>Surplus of revenues over expenses for the year</b>			
<b>Attributable to:</b>			
Social Security Investment Fund		449,019	343,597
Non-controlling interests		14,603	12,039
		<u>463,622</u>	<u>355,636</u>

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Note	2018	2017
Surplus of revenues over expenses for the year		463,622	355,636
<b>Add: other comprehensive income not to be reclassified to revenues and expenses in subsequent periods</b>		-	-
Change in fair value of financial assets through other comprehensive income	26	64,523	(64,932)
<b>Total comprehensive income for the year</b>		<b>528,145</b>	<b>290,704</b>
<b>Attributable to:</b>			
Social Security Investment Fund		513,542	278,665
Non-controlling interests		14,603	12,039
		<b>528,145</b>	<b>290,704</b>

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Social Security Corporation current account	Social Security Corporation current account –Unemployment Fund	Property and equipment revaluation reserve	Fair value reserve	Cash flow hedges reserve	Cumulative surplus of revenues over accumulated expenses	Net Social Security Corporation equity	Non-controlling interests	Net Equity
<b>2018-</b>									
Balance at 1 January 2018	5,244,673	293,029	31,812	271,177	-	3,257,783	9,098,474	56,109	9,154,583
Implementation impact of IFRS (9) (note 2-3)	-	-	-	-	-	(19,162)	(19,162)	-	(19,162)
Group's share of IFRS (9) implementation impact on associates (note 8)	-	-	-	-	-	(10,489)	(10,489)	-	(10,489)
Balance as at 1 January (adjusted)	5,244,673	293,029	31,812	271,177	-	3,228,132	9,068,823	56,109	9,124,932
Surplus of revenues over expenses for the year	-	-	-	-	-	449,019	449,019	14,603	463,622
Change in fair value of financial assets through other comprehensive income	-	-	-	64,523	-	-	64,523	-	64,523
Realized gain on sale of financial assets at fair value through other comprehensive income	-	-	-	(6,080)	-	6,080	-	-	-
Cash flow hedges reserve	-	-	-	-	(127)	-	(127)	(54)	(181)
Cash transferred during the year, net	525,013	44,003	-	-	-	-	569,016	-	569,016
Unemployment Funds' share of the investment Funds' returns	-	14,869	-	-	-	(14,869)	-	-	-
Net change in non-controlling interests	-	-	-	-	-	-	-	(11,728)	(11,728)
<b>Balance at 31 December 2018</b>	<b>5,769,686</b>	<b>351,901</b>	<b>31,812</b>	<b>329,620</b>	<b>(127)</b>	<b>3,668,362</b>	<b>10,151,254</b>	<b>58,930</b>	<b>10,210,184</b>
<b>2017-</b>									
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 fair value of financial assets 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)
<b>Balance at 31 December 2017</b>	<b>5,244,673</b>	<b>293,029</b>	<b>31,812</b>	<b>271,177</b>	<b>-</b>	<b>3,257,783</b>	<b>9,098,474</b>	<b>56,109</b>	<b>9,154,583</b>

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Notes	2018	2017
<b>Operating activities</b>			
Surplus of revenues over expenses for the year before income tax		468,847	359,906
<b>Adjustments-</b>			
Depreciation of property and equipment	13	30,805	30,511
Amortization of intangible assets	16	3,017	3,088
End of service indemnity provision	22	3,381	1,919
Group's share of associates' net operating results	8	(18,246)	(14,626)
Provision for doubtful rents		-	496
Losses from revaluation of financial assets at fair value through revenues and expenses	31	13,405	440
Realized gains on sale of financial assets at fair value through revenues and expenses	31	(26)	(270)
Provision for slow moving inventory	12	999	917
Provision for expected credit losses		11,700	295
Recovered from provision for expected credit losses		(241)	(2)
(Gains) losses on investment property valuation at fair value	14,32	(9,802)	20,595
Gain on sale of investment property		-	(378)
Impairment losses of property and equipment		-	323
Gains on sale of property and equipment		(274)	(195)
<b>Working capital changes-</b>			
Deposits at banks and financial institutions with maturity of more than 3 months		(297,849)	(173,655)
Financial assets at fair value through the statement of revenues and expenses		(3,970)	(2,014)
Inventory		(9,757)	1,613
Other assets		(163,728)	(86,950)
Related parties		(27)	(144)
Electricity service subscribers' deposits		5,702	5,559
Advance payments from electricity subscribers		1,655	4,858
Due to National Electric Power Company		144,188	66,350
Other liabilities		(277)	4,753
<b>Net cash flows from operating activities before income tax and end of service indemnity fund paid</b>		<b>179,502</b>	<b>223,389</b>
Income tax paid	43	(4,694)	(4,584)
Payment of end of service indemnity	22	(787)	(2,620)
<b>Net cash flows from operating activities</b>		<b>174,021</b>	<b>216,185</b>
<b>Investing activities</b>			
Financial assets at fair value through other comprehensive income		1,619	7,647
Purchase of financial assets at amortized cost		(1,253,712)	(1,232,479)
Maturity of financial assets at amortized cost		728,475	446,949
Investments in associates	8	3,591	(32,393)
Dividends from associates	8	17,003	15,245
Investments properties		(16,824)	(8,315)
Property and equipment and projects in progress, net		(48,239)	(53,558)
Loans and granted debts		(44,824)	(29,592)
Intangible assets	16	(17)	(14)
Proceeds from sale of property and equipment		3,892	3,697
Investments in joint operations		(31)	-
<b>Net cash flows used in investing activities</b>		<b>(609,067)</b>	<b>(882,813)</b>
<b>Financing activities</b>			
Net of amounts transferred from Social Security Corporation		569,084	602,799
Bank loans		(6,871)	187
Change in non-controlling interests		(11,728)	(11,596)
Capital increase expenses		-	(123)
Prior years adjustments		-	(1,055)
<b>Net cash flows from financing activities</b>		<b>550,485</b>	<b>590,212</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>115,439</b>	<b>(76,416)</b>
Cash and cash equivalents at 1 January		604,093	680,509
<b>Cash and cash equivalents at 31 December</b>	<b>35</b>	<b>719,532</b>	<b>604,093</b>

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**(1) GENERAL**

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

In accordance with Social Security temporary law No. (7) 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 the Social Security Corporation in a manner that ensures the development of its financial resources, and in order to achieve the Social Security Corporation's objectives, the Fund undertakes the following tasks:

- Establishing projects in cooperation with the public and private sectors on corporation investments.
- Underwriting purchasing and selling of bonds, bills and other securities.
- 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 2018 have been approved by the Board of Investment on its meeting held on 27 June 2019.

**(2) ACCOUNTING POLICIES**

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

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

The consolidated financial statements have been prepared in accordance with historical cost convention, except for the financial assets at fair value through the 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 2018**  
**(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 2018. Following are the subsidiaries that have been included in the consolidated financial statements:

	Sector	Paid in capital		Percentage of Ownership	
		2018	2017	2018	2017
				%	%
Jordan Press Foundation PLC/Al-Rai	Press and publication	10,000,000	10,000,000	54.93	54.93
Jordan Duty Free PLC	Trading	22,500,000	7,500,000	57.09	57.09
Al-Daman for Investment PLC	Investment and leasing	10,000,000	10,000,000	61.4	61.4
Rama for Investments and saving LLC	Investment	560,000	560,000	100	100
National Company for Touristic Development LLC	Tourism	2,050,000	2,050,000	100	100
United Travelling Center LLC	Leasing	4,600,000	4,600,000	100	100
Daman for lease financing	Finance leasing	100,000	100,000	100	100
Daman for hotel transport services	Services	100,000	100,000	100	100
Daman for Zone Development private shareholding company**	Leasing and land development	40,000,000	40,000,000	100	100
Daman for Energy Investments private shareholding company***	Energy distribution	20,000,000	20,000,000	100	100
Jordan Daman Company for International Business****	Investment	100,000	100,000	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 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 all necessary procedures and the approval of the Securities Authority. The number of shares owned by the Fund in Jordan Duty Free Company became 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 Ownership	Country of 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 Ownership	Country of Incorporation
Kingdom Electricity for Energy Investments Private Shareholding Company	70%	Jordan

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

	Percentage of Ownership	Country of Incorporation
Jordan Daman Company for International Investments	100%	Jordan

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

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 consolidated financial statements of the Fund include the financial statements of Amman Cham Palace Hotel for the year 2017. The Hotel's financial statements for the year 2018 have not been consolidated as they are not available.

The financial statements of the Fund and its subsidiaries are prepared using the same accounting period as the Funds and using the same accounting policies, except for the following:

- Investment properties for AI - Daman for Investments are presented at cost. However, they are presented at fair value in the consolidated financial statements and proper reconciliations are prepared in the Fund's consolidated statements.

Control is achieved when the Group 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 investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, 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 obtains 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.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(IN THOUSANDS OF JORDANIAN DINARS)**

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 adopted in the preparation of the consolidated financial statements are consistent with those adopted for the year ended 31 December 2017, except for the adoption of new standards and amendments effective as of 1 January 2018:

**IFRS 9 Financial Instruments**

The Group implemented IFRS (9) (2014) financial instruments on 1 January 2018, "the date of mandatory implementation" where at that date the Group had evaluated the requirements of expected credit losses, hedge accounting and amendments related classification and measurement of financial instruments.

The Group implemented IFRS (9) retrospectively, and it has not restated comparative figures. The implementation impact of IFRS (9) was recognized through the cumulative surplus of revenues over accumulated losses on 1 January 2018.

IFRS 9 (financial instruments) replaces incurred credit losses module in accordance with IAS 39 (financial instruments: measurement and reclassification), and it included an inclusive module for the mechanism of recognizing and recording expected credit losses, the frame of hedge accounting, in addition to the requirements for classification and measurement.

The standard included a business module for debt instruments, loans, financial commitments, financial insurance contracts, deposits, accounts receivable, but it is not implemented on equity instruments.

The modified version of IFRS (9) (financial instruments) includes a classification mechanism for assets and liabilities.

IFRS (9) requires all financial assets to be classified in accordance with the institution's business module related to financial assets management and the properties of contractual cash flows of financial assets. The Group has evaluated the implementation impact of IFRS (9) on the classification and measurement of financial assets and liabilities and evaluation of the Group's financial assets and liabilities on the date of mandatory implementation which is 1 January 2018.



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

There is not material difference in the classification of financial assets and liabilities as a result of the implementation of IFRS (9).

The impact of this change in accounting policies on the consolidated financial statements of the Fund as at 1 January 2018 has been to decrease shareholders' equity by JD 29,651 thousand as follows:

	Thousands of Jordanian Dinars
<b>Effect of implementing the new expected credit loss model:</b>	
Deposits at banks and financial institutions	4,932
Loans and granted debits	5,662
Financial assets at amortized cost	8,828
Other assets	(260)
	<u>19,162</u>
Group's share of IFRS (9) implementation impact on associates (note 8)	<u>10,489</u>
<b>Total</b>	<u><u>29,651</u></u>

The implementation impact of IFRS (9) on opening balance is as follows:

	Balance as of 31 December 2017	Expected Credit Losses *	Balance as of 1 January 2018 after effect of IFRS (9) adoption
Deposits at banks and financial institutions	1,034,103	(4,932)	1,029,171
Loans and granted debts	144,333	(5,662)	138,671
Financial assets at amortized cost	4,969,768	(8,828)	4,960,940
Other assets	403,566	260	403,826
Investments in association	490,641	(10,489)	480,152
<b>Total</b>	<u>7,042,411</u>	<u>(29,651)</u>	<u>7,012,760</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

The beginning balance for the provisions amount after the effect of IFRS (9) adoption:

Item	Current provision amount as of 31 December 2017	Differences resulting from recalculation	Balance in accordance with IFRS (9)
Deposits at banks and financial institutions	-	(4,932)	(4,932)
Loans and granted debts	(2,168)	(5,662)	(7,830)
Financial assets at amortized cost	(567)	(8,828)	(9,395)
Other assets	(20,875)	260	(20,615)

Expected credit losses for the year subsequent to 1 January 2018 per stage is as follows:

Item	Stage 1	Stage 2	Stage 3	Total
Deposits at banks and financial institutions	(4,932)	-	-	(4,932)
Loans and granted debts	(7,830)	-	-	(7,830)
Financial assets at amortized cost	(9,395)	-	-	(9,395)
Other assets	(20,615)	-	-	(20,615)

Expected credit losses for the year subsequent to 31 December 2018 per stage is as follows:

Item	Stage 1	Stage 2	Stage 3	Total
Deposits at banks and financial institutions	(7,686)	-	-	(7,686)
Loans and granted debts	(7,589)	-	-	(7,589)
Financial assets at amortized cost	(13,505)	-	-	(13,505)
Other assets	(25,451)	-	-	(25,451)

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Fund assessed that the impact of IFRS 15 is not material on its consolidated financial statements.

#### **IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations**

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 non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Fund's consolidated financial statements.

#### **Amendments to IAS 40 Transfers of Investment Property**

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.

These amendments do not have any impact on the Fund's consolidated financial statements.

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

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. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Fund's consolidated financial statements.

#### **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.

These amendments do not have any impact on the Fund's consolidated financial statements.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**(2-4) SIGNIFICANT ACCOUNTING POLICIES**

**Financial assets at amortized cost**

Financial assets that the Group's management aims, according to its business model to hold 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 the 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 fair value, subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the consolidated statement of revenues and expenses. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the consolidated statement of revenues and expenses.

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

**Financial assets at fair value through other comprehensive income**

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

These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are 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 in the consolidated statement of comprehensive income and in the consolidated 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.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**Loans and granted debts**

A provision for expected credit losses for loans and granted debts is recognized through reaching an estimation for the probability of default and the percentage of loss assuming default.

The Group relies on several main economic indicators in building a number of assumptions, mainly GDP growth indicators, the financial market index and debit indicators in addition to the classification issued by the credit rating institution and according to the statistical data of the global default rate of this classification.

**Fair value**

The Group 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 37).

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.

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, disclosed or deleted in the consolidated 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:

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

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

**Impairment of financial assets**

The Group recognizes a provision for expected credit losses for all debt instruments not held at fair value, in the statement of profit or loss.

Expected credit losses rely on the difference between accrued contracted cash flows in accordance to the contract and all cash flows the Group expects to receive, discounted at the original effective interest rate.

The expected cash flows include cash flows from the sale of held collaterals or other credit enhancement that are an integral part of the contractual terms (if any).

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

**Property and equipment**

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

	<u>%</u>
Buildings	2-10
Furniture and fixtures	9-25
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.

### **Goodwill**

Goodwill is initially measured at cost which represents the excess of the cost of acquisition or purchase of investment in an associate or subsidiary company over the Group's share in the net fair value of the identifiable assets at the date of acquisition. Goodwill arising from the investment in subsidiaries is separately presented within intangible assets, while goodwill arising from the investment in associates is 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 and amortization expenses are recognized in the consolidated statement of profit or loss, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date and impairment loss is recognized in the consolidated statement of revenues and expenses. Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of revenues and expenses. Indications of impairment of intangible assets are reviewed and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the subsequent periods.

### **Investments 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 reflect market prices using the average valuation for five real estate experts after excluding the highest and lowest valuations.

#### **End of service indemnity provision**

Provision for end of service indemnity is recognized when the Group is committed to providing its employees with end of service indemnities.

The Group is obligated when it has a detailed formal compensation plan and there is no real prospect of withdrawing the plan.

Provision for end of service indemnity is measured based on the Group's number of employees at the date of the consolidated financial position in accordance with the Group's internal policies and IAS (19).

#### **Revenue and expense recognition**

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

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

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

Dividends on investment securities are recognized when approved by the General Assembly of the investee.

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

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

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

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



### **Revenue from the Sale of goods**

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

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

### **Recognition of financial assets**

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

### **Derivative financial instruments**

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

### **Repurchase and resale agreements**

Assets sold with a corresponding commitment to repurchase them at a future date continue to be recognised in the consolidated financial statements as a result of the Group's continuous control over these assets and as the related risks and rewards are transferred to the Group upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is 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 rewards are not transferred to the Group upon occurrence. Payments related to these contracts are recorded under deposits at banks and other financial institutions or loans and granted debts in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest rate method.

### **Investments in associates**

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

Under the equity method, investments 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 of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **Income tax**

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

### **Cash and cash equivalents**

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

### **Subscribers' contributions assets and liabilities**

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

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**Rural files assets**

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

**Investments in joint operations**

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

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

**Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a current enforceable legal right to offset the 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 recognized in the consolidated statement of revenues and expenses.

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

**(2-5) SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

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

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

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

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

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

- Fair value levels:

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

- Provision for expected credit losses:

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

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

Methodology of application of IFRS (9) (Financial instruments): inputs, mechanisms and assumptions used to calculate expected credit losses.

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

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

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

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

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

The change between stage 2 and stage 3 depends on whether the financial instruments are impaired at the end of the financial period. The method for determining impairment of financial instruments in accordance with IFRS 9 is similar to the method for determining the defaults of financial assets in accordance with IAS 39 (financial instruments: recognition measurement) as described in the definition of default below.

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

Historical information, current conditions and expected future events should be considered based on reliable information when measuring expected credit losses for each stage.

The measurement and application of expected future information requires the Group's management to make substantial efforts based on cooperation with international entities with expertise in this area.

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

Each macroeconomic scenario used to calculate the expected credit loss is linked to changing macroeconomic factors.

In our estimates used to calculate expected credit losses for stages 1 and 2 discounted weighted scenarios that include future macroeconomic information for the subsequent three years.

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

- **Definition of stumbling**

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

- **Expected life**

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

- **Scope of application**

All financial assets of the Group which fall within the scope of IFRS (9) are measured as follows:

- Monetary market instruments include current accounts, deposits at banks, deposits against pledged bonds and swap contracts.
- Bonds include Jordanian treasury bonds, Government bonds denominated in US dollars. Public institution bonds and private companies bonds and debts.
- Loans including those guaranteed by the Jordanian government, legal guarantees, other loans and subsidiaries payables.
- Others

- **Hypotheses and methodology of work**

Each of the above investments instruments, which is subject to the scope of IFRS 9, has been examined to determine the probability of default and the loss ratios assuming default. A number of key economic indicators have been based on the construction of a number of assumptions, most importantly GDP growth indicators, the index of the financial market, indicators of public debt of the country, in addition to the sovereign classification of Jordan issued by credit rating institutions and according to the statistical data of the cumulative global default rates of the classification.

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**Governance for the application of IFRS 9 requirements:**

In order to insure compliance with the requirements of IFRS 9 and to insure that the application is in progress, a clear methodology has been developed within the Group through the relevant departments to determine assumptions to be used to when determining the probability of default and loss ratio assuming default in accordance with the requirements of the standard.

The Group also presented the methodology used for expected credit losses to upper management, the Investment Board and Board of Directors of the Corporation through committees emerging from those Boards.

**(3) CASH AND BANK BALANCES**

This item consists of the following:

	2018	2017
Cash on hand	1,060	380
Current accounts and deposits on demand *	13,622	16,320
	<u>14,682</u>	<u>16,700</u>

\* This item includes the amount of JD 204 thousand of current accounts related to the Unemployment Fund as at 31 December 2018 (31 December 2017: JD 8 thousand).

- Current accounts do not include balances with foreign banks and financial institution as at 31 December 2018 and 2017.
- There were no restricted balances as at 31 December 2018 and 2017.

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

This item consists of the following:

	2018	2017
Deposits maturing within 3 months or less	765,882	637,294
Deposits maturing within 3 to 6 months	565,383	385,109
Deposits maturing within 6 to 12 months	129,275	11,700
	<u>1,460,540</u>	<u>1,034,103</u>
Less: provision for expected credit losses*	(7,686)	-
	<u>1,452,854</u>	<u>1,034,103</u>

- Interest rates on Jordanian Dinar deposits range between 2.75% to 6.25% for the year ended at 31 December 2018 and from 2.75% to 5.5% for the year ended 31 at December 2017.
- There are no balances with foreign banks and financial institutions and there are no restricted balances as at 31 December 2018 and 2017.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

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

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

	2018			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2018 "adjusted"	4,932	-	-	4,932
Impairment loss on new balances during the year	2,754	-	-	2,754
Balance as at 31 December 2018	7,686	-	-	7,686

**(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH THE STATEMENT OF REVENUES AND EXPENSES**

This item consists of the following:

	2018	2017
Quoted shares:		
Local	117,703	126,348
Foreign	8,658	9,422
	126,361	135,770

**(6) LOANS AND GRANTED DEBTS**

This item consists of the following:

	2018	2017
Direct loans	139,400	91,368
Syndicated loans	51,925	55,125
Housing and other loans*	-	8
	191,325	146,501
Less: provision for expected credit losses	(7,589)	(2,168)
	183,736	144,333

Movements details on provision for expected credit losses for loans and granted debts were as follows:

	2018			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Balance as at 1 January 2018 “adjusted”	7,830	-	-	7,830
Recovered from impairment loss during the year	<u>(241)</u>	<u>-</u>	<u>-</u>	<u>(241)</u>
Balance as at 31 December 2018	<u>7,589</u>	<u>-</u>	<u>-</u>	<u>7,589</u>



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

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

	Balance	Interest rate	The last installment maturity date	Guarantees
	JD	%		
Direct loans	139,400	5.40 – 7.75	31 March 2024	Governmental, real estate, legal
Syndicated loans	51,925	2.08 – 10.75	18 October 2025	Governmental, pledge of shares, legal
	<u>191,325</u>			

Non-performing loans and debts amounted to JD 2,160 thousand representing 0.85% of loans and granted debts as at 31 December 2018 compared to JD 2,168 thousand representing 0.94% of loans and granted debts at 31 December 2017. 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:

	2018	2017
<b>Financial Assets- Quoted Shares:</b>		
Quoted shares – local	1,326,155	1,274,629
Quoted shares – foreign	61,547	43,316
	<u>1,387,702</u>	<u>1,317,945</u>
<b>Financial Assets- Unquoted Shares:</b>	<u>50,549</u>	<u>54,327</u>
<b>Other financial assets:</b>		
Investments in mutual funds – USD	10,046	11,638
<b>Total financial assets at fair value through other comprehensive income</b>	<u>1,448,297</u>	<u>1,383,910</u>

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

	Ratio	2018	Ratio	2017
	%		%	
Banking sector	79	1,096,424	79.6	1,049,345
Manufacturing sector	17.5	243,463	17.7	233,377
Services sector	3.2	44,288	2.5	32,720
Insurance sector	0.3	3,527	0.2	2,503
		<u>1,387,702</u>		<u>1,317,945</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(8) INVESTMENTS IN ASSOCIATES**

This item consists the following:

This item consists of the following:

	Number of capital shares	Ownership percentage	Ownership %	Nature of business	Last issued audited financial statements	Balance using equity method at the beginning of the year	Share of IFRS (9)	Purchase/ Capital increase	Sale/ Capital decrease	Dividends received	Share of companies' results	Share of cash flow hedges reserve	Share of fair value reserve	2018		2017	
														Balance using equity method at year end	Fair market value at year end	Balance using equity method at year end	Fair market value at year end
Listed in Amman Stock Exchange																	
Jordan Kuwait Bank	100,000,000	21.04	21.04	Banking	31 December 2018	97,522	(8,671)	*	*	(4,208)	8,865	-	(836)	92,675	61,021	97,522	73,346
Jordan Petroleum Refinery Co.	100,000,000	20.41	20.41	Petrochemical	31 December 2018	48,673	(256)	*	*	(4,082)	7,473	-	(92)	52,674	45,719	48,673	51,350
Jordan Cement Factories	60,444,460	21.65	21.65	Construction	31 December 2018	11,368	(831)	*	*	*	(7,791)	-	(1)	2,745	8,182	11,368	15,269
Jordan Telecommunication Co.	167,500,000	28.88	28.88	Telecommunication	31 December 2018	222,919	(689)	*	*	(6,331)	6,153	-	*	221,452	75,269	222,919	115,381
Jordan Woolsted Mill Factories	15,000,000	20.03	20.03	Textiles	31 December 2018	12,661	*	*	*	(676)	692	-	(557)	12,120	9,000	12,661	10,060
East Company for Investments	16,000,000	26.03	26.03	Hotel services	31 December 2018	5,473	*	*	*	(208)	244	-	3	5,512	9,411	5,473	6,621
Jordan Electricity Company	83,572,865	21.48	21.48	Energy	31 December 2018	40,843	*	*	*	(869)	2,023	-	*	41,368	21,987	40,843	31,751
						440,459	(10,489)	*	*	(17,003)	17,692	-	(1,483)	429,146	230,589	440,459	305,508
Non-listed in Amman Stock Exchange																	
Exchange																	8,846
South Dead Sea Development	17,000,000	30	30	Investment	31 December 2018	5,559	*	*	*	*	*	-	*	5,560	7,412	5,559	*
Electrical Equipment Industries	3,750,000	18.3	18.3	Manufacturing	31 December 2018	1,109	*	*	*	*	(104)	-	*	1,005	*	1,109	*
Al Zangari Company	167,000	30	30	Electricity generation	31 December 2018	1,354	*	*	(132)	*	(18)	74	*	1,278	*	1,354	*
Zawal Al salam Company	167,000	30	30	Electricity generation	31 December 2018	1,372	*	*	(137)	*	(26)	74	*	1,283	*	1,372	*
Alward Ajlouny Company	167,000	30	30	Electricity generation	31 December 2018	1,882	*	*	(549)	*	(22)	75	*	1,386	*	1,882	*
Jordan solar Company	167,000	30	30	Electricity generation	31 December 2018	4,823	*	*	(2,773)	*	(246)	13	*	1,617	*	4,823	*
Al-Zangari station for electrical power generation	50,000	40	40	Electricity generation	31 December 2018	34,283	*	*	*	*	999	(417)	*	34,865	*	34,283	*
						50,182	*	*	(3,591)	*	564	(181)	*	46,964	7,412	50,182	8,846
						480,641	(10,489)	*	(3,591)	(17,003)	18,246	(191)	(1,483)	476,140	238,001	480,641	317,354

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

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

	Jordan Kuwait Bank	
	2018	2017
Assets	2,721,445	2,832,207
Liabilities	(2,275,883)	(2,363,796)
Non-controlling interest	-	-
Net equity	445,562	468,411
Percentage of ownership	21.04%	21.04%
Net investment as of 31 December	92,675	97,522
Net Interest revenues, commissions and foreign currency	106,306	110,783
Gains on financial assets at fair value through the statement of income	-	620
Gains on financial assets at fair value through other comprehensive income	2,380	-
Cash dividends at fair value through other comprehensive income	1,263	866
Sales of external branches	1,280	-
Provision for impairment of direct credit facilities	(2,329)	(15,720)
Recovered from credit losses	5,000	-
Employees expenditures	(26,710)	(26,548)
Other revenues and expenses, Net	(45,047)	(43,045)
Profit for the year	42,143	26,956
Attributable to Bank's shareholders	42,143	26,956
Attributable to non-controlling interests	-	-
Group's share of results	8,868	5,672

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

	Jordan Petroleum Refinery	
	2018	2017
Current assets	1,217,944	1,190,814
Non-current assets	222,277	177,476
Current liabilities	(1,156,875)	(1,103,281)
Non-current liabilities	(53,437)	(50,872)
Non-controlling interest	(11,137)	(9,678)
Net equity	218,772	204,459
Percentage of ownership	20.41%	20.41%
Net investment as of 31 December	52,674	49,673
Sales	1,732,376	1,778,258
Cost of sales	(1,625,074)	(1,588,941)
Bank interests and commissions	(38,373)	(21,190)
Selling and distribution expenses	(57,900)	(50,894)
Profit settlement with the government- support	5,784	(81,194)
Other revenues expenses, net	20,059	(3,112)
Profit for the year	36,872	32,927
Attributable to the Company's share holders	36,616	32,655
Attributable to non-controlling interests	256	272
Group's share of profit	7,473	6,664

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

	Jordan Cement Factory	
	2018	2017
Current assets	62,487	78,611
Non-current assets	94,703	105,755
Current liabilities	(110,445)	(100,908)
Non-current liabilities	(44,085)	(39,545)
Non-controlling interests	(4,513)	(6,303)
Net equity	(1,853)	37,610
Percentage of ownership	21.85%	21.85%
Net investment as of 31 December	2,745	11,368
Sales	61,673	82,890
Cost of sales	(71,534)	(72,410)
Administrative expenses	(8,819)	(8,821)
Selling and distribution expenses	(2,186)	(1,518)
Finance costs	(5,009)	(2,354)
Other revenues and expenses, net	(8,706)	(31,116)
Loss for the year	(34,581)	(33,329)
Attributable to Company's shareholders	(35,659)	(34,482)
Attributable to non-controlling interests	1,078	1,153
Group's share of profit	(7,791)	(7,534)

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

	Jordan Telecommunication Company	
	2018	2017
Current assets	142,062	160,146
Non-current assets	482,238	492,801
Current liabilities	(284,372)	(262,342)
Non-current liabilities	(65,990)	(116,360)
Net equity	273,938	274,245
Percentage of ownership	28.88%	28.88%
Net investment as of 31 December	221,452	222,919
Sale	324,352	333,192
Cost of services	(152,159)	(158,829)
Administrative expenses	(21,702)	(22,190)
Selling and marketing expenses	(39,287)	(41,395)
Financing income	653	896
Other revenues and expenses, net	(90,550)	(87,644)
Profit for the year	21,307	24,030
Group's share of profit	6,153	6,940

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

	Jordan Worsted Mill Factory	
	2018	2017
Current assets	15,538	15,704
Non-current assets	55,370	58,031
Current liabilities	(1,896)	(1,878)
Non-current liabilities	(1,191)	(1,131)
Non-controlling interest	(4,753)	(4,985)
Net equity	63,068	65,741
Percentage of ownership	20.03%	20.03%
Net investment as of 31 December	12,120	12,661
Sales	6,028	8,358
Cost of sales	(3,297)	(4,378)
Administrative expenses	(1,207)	(1,624)
Selling and marketing expenses	(80)	(84)
Other revenue and expense, net	2,444	1,699
Profit for the year	3,888	3,971
Attributable to Company's shareholders	3,455	3,404
Attributable to non-controlling interests	433	567
Group's share of profit	692	682

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

	East Company for Investments Projects	
	2018	2017
Current assets	4,183	3,606
Non-current assets	17,612	17,916
Current liabilities	(946)	(821)
Net equity	20,849	20,701
Percentage of ownership	26.03%	26.03%
Net investment as of 31 December	5,512	5,473
Operating revenues	5,889	5,542
Operating costs	(1,798)	(1,766)
Administrative expenses, maintenance, marketing and deprecation	(3,028)	(2,855)
Other revenues	101	186
Profit for the year before tax	1,164	1,107
Income tax expense	(226)	(218)
Profit for the year	938	889
Group's share of profit	244	236



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

	Jordan Electricity Company	
	2018	2017
Current assets	606,474	503,596
Non-current assets	591,755	566,610
Current liabilities	(650,090)	(539,217)
Non-current liabilities	(424,639)	(412,624)
Non-controlling interest	(14)	(113)
Net equity	123,486	118,252
Percentage of ownership	21.5%	21.5%
Net investment as of 31 December	41,968	40,843
Operating revenues	972,467	1,022,857
Operating costs	(838,117)	(903,497)
Administrative expenses, maintenance, marketing and deprecation	(111,472)	(101,588)
Other revenues and expenses, net	(11,781)	(7,762)
Profit for the year before tax	11,097	10,010
Income tax expense	(1,780)	(2,117)
Profit for the year	9,317	7,893
Attributable to Company's shareholders	9,417	7,902
Attributable to non-controlling interest	(100)	(9)
Group's share of profit	2,023	1,697

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

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

This item consists of the following:

	<u>Average interest rates</u>	<u>2018</u>	<u>2017</u>
	%		
<b>A- Government and public institution bonds</b>			
<b>guaranteed by government:</b>			
Treasury bonds *	3.18 – 7.99	5,290,441	4,784,567
Public institutions bonds	3.97 – 6.48	73,202	81,686
		<u>5,363,643</u>	<u>4,866,253</u>
<b>B- Bonds, debts and other securities:</b>			
Private companies bonds and debts	3.6 – 10.67	131,929	104,082
Less: provision for expected credit losses**		(13,505)	(567)
		<u>118,424</u>	<u>103,515</u>
		<u>5,482,067</u>	<u>4,969,768</u>

\* Treasury bonds consist of on amount of JD 346,643 thousand as of 31 December 2018, representing treasury bonds related to the unemployment fund (31 December 2017: JD 289,111 thousand).

- Financial assets at amortized cost have maturity dates ranging between 1 month and 15 years.

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

	2018			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2018 "adjusted"	9,395	-	-	9,395
Impairment loss on new balances during the year	4,110	-	-	4,110
Balance as at 31 December 2018	13,505	-	-	13,505

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(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 is 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:

	2018	2017
<b>Cost</b>		
Balance at the beginning of the year	318,719	300,443
Transfer from projects in progress	18,022	18,276
Balance at the end of the year	336,741	318,719
	2018	2017
<b>Accumulated amortization</b>		
Balance at the beginning of the year	139,014	126,474
Amortization for the year*	13,196	12,540
Balance at the end of the year	152,210	139,014
<b>Net book value at the end of the year</b>	<b>184,531</b>	<b>179,705</b>

\* 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 as at 31 December are as follows:

	2018	2017
Subscribers contribution liability	133,086	131,358
Rural fils liabilities	51,445	48,347
	<b>184,531</b>	<b>179,705</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(In Thousands of Jordanian Dinars)**

**(11) PROJECTS IN PROGRESS**

This item consists of the following:

	2018	2017
Al-Mafraq project's land infrastructure cost*	29,211	27,588
Electricity connection projects **	29,104	21,018
Crowne Plaza Hotel – Dead Sea	1,081	964
Amra Crowne Plaza renovation – Amman	258	607
Crowne Plaza Resort renovation – Petra	798	952
Intercontinental Hotel renovation – Aqaba	529	362
Development of duty free stores***	3,322	1,149
Aqaba Touristic Beach project****	32,123	32,123
Infrastructure costs for Irbid projects*****	2,251	3,299
Amman Al-Sham	24	268
Other projects in progress	1,217	5,925
	<u>99,918</u>	<u>94,255</u>

\* 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 (2017: 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 2018 to 2019.

\*\* This item represents the infrastructure projects for the delivery of electricity, which are in progress as at 31 December 2018. The cost of completion of the unfinished part of the projects under progress is estimated at JD 25,676 thousand as at 31 December 2018 (2017: 22,988).

\*\*\* The total cost of completing the projects as of December 31, 2018 is estimated at approximately JD 14,485 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, the Board of Investment decided to operate the beach by one of the global management companies in 2018 and is expected to be capitalized by the fund during the year 2019.

\*\*\*\*\* The Company contracted with a consultation company to study the volume of demand and study the market after the Government returned those lands to the Company and the tender for the preparation of the new master plan for the North Development Company project has been submitted to specialized engineering office and is expected to be completed during the year 2019. estimated cost of infrastructure is about JD 68 million as of 31 December 2018 and is expected to be completed in 2046, based on the study provided by the consulting company.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

**(12) INVENTORY**

This item consists of the following:

	2018	2017
Raw materials	1,930	2,325
Electricity tools, material and spare parts	17,244	15,061
Food and beverage	310	303
Supplies and operational tools	9	16
Finished goods	16,195	10,328
Goods in transit	57	69
Others	6,826	5,631
	42,571	33,733
Less: provision for slow moving inventory*	(3,260)	(3,180)
	39,311	30,553

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

	2018	2017
Balance at the beginning of the year	3,180	2,635
Provision for the year	999	917
Recovered during the year	(5)	(212)
Inventory write off during the year	(914)	(160)
Balance at the end of the year	3,260	3,180

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(In Thousands of Jordanian Dinars)**

**(13) PROPERTY AND EQUIPMENT**

This item consists of the following:

	Land	Buildings	Furniture and fixtures	Machinery and equipment	Vehicles	Additions and improvements	Computers	Electromechanical equipment	Sanitary extensions	Others	Total
<b>2018-</b>											
<b>Cost:</b>											
Balance at the beginning 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
Additions	-	1,055	558	18,667	1,377	-	3,791	197	13	94	25,752
Disposal	-	(6)	(424)	(5,357)	(975)	(4)	(181)	(20)	(5)	(27)	(6,999)
Transfers from projects in progress	2,824	2,686	174	8,329	-	-	25	256	5	21	14,320
Transfers from investment properties (note 14)	195	659	-	-	-	-	-	-	-	-	854
Balance at the end of the year	18,915	171,238	47,516	361,326	17,657	6,549	28,801	46,676	11,576	7,981	711,235
<b>Accumulated depreciation and impairment:</b>											
Balance at the beginning of the year	-	48,093	36,467	164,052	11,329	6,547	16,346	40,331	10,813	7,136	341,114
Depreciation for the year	-	3,817	2,149	17,631	1,560	6	2,163	2,668	698	113	30,805
Disposal	-	(3)	(415)	(1,841)	(944)	(5)	(121)	(20)	(5)	(27)	(3,381)
Balance at the end of the year	-	51,907	38,201	179,842	11,945	6,548	18,388	42,979	11,506	7,222	366,538
Net book value as of 31 December 2018	18,915	119,331	9,315	181,484	5,712	1	10,413	3,697	70	759	349,697
<b>2017-</b>											
<b>Cost:</b>											
Balance at the beginning 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
Additions	-	2,114	366	23,257	1,539	-	1,554	72	34	83	29,019
Disposal	-	(89)	(71)	(4,735)	(519)	-	(57)	(7)	(7)	-	(5,485)
Transfers from projects in progress	-	2,956	254	11,660	-	-	5,405	-	-	-	20,275
Transfers to investment properties (note 14)	(958)	(1,312)	-	-	-	-	-	-	-	-	(2,270)
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
<b>Accumulated depreciation and impairment:</b>											
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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

**(14) INVESTMENT PROPERTIES**

This item consists of the following:

	2018	2017
Land held for investment	628,993	602,765
Buildings held for investment and other purposes	23,790	21,822
Advance payments to purchase investment properties	3,629	3,629
Others	227	215
	<u>656,639</u>	<u>628,431</u>

Movements on investment properties for the year were as follows:

	2018	2017
Balance at the beginning of the year	628,431	637,659
Purchase of investments properties	16,824	10,596
Sale of investment properties	-	(1,903)
Transfers (to) from social security corporation	(68)	404
Transfers (to) from property and equipment (note 13)	(854)	2,270
Transfers from projects in progress	2,504	-
Gains (losses) on valuation of investments properties at fair value (note 32)	9,802	(20,595)
Balance at the end of the year	<u>656,639</u>	<u>628,431</u>

**(15) INVESTMENTS IN JOINT OPERATIONS**

This item represents investments in joint operations with the housing and urban development Corporation for the purpose of land development. 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, investments in joint operations are stated at cost as at 31 December 2018, the details of these projects were as follows:

	2018	2017
Al-Zaytuna project (1)*	1,035	1,004
Al-Zaytuna project (2)	997	997
	<u>2,032</u>	<u>2,001</u>

\* It is expected that this project will be transferred to investments properties in 2019.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

**(16) INTANGIBLE ASSETS**

2018-	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Total
<b>Cost:</b>						
Balance at the beginning of the year	8,000	39,411	8,258	4,136	28,014	87,819
Additions	-	-	17	-	-	17
<b>Balance At the end of the year</b>	<b>8,000</b>	<b>39,411</b>	<b>8,275</b>	<b>4,136</b>	<b>28,014</b>	<b>87,836</b>
<b>Accumulated amortization:</b>						
Balance at the beginning of the year	6,533	9,859	2,766	1,874	-	21,032
Amortization for the year	400	1,970	391	256	-	3,017
<b>Balance at the end of the year</b>	<b>6,933</b>	<b>11,829</b>	<b>3,157</b>	<b>2,130</b>	<b>-</b>	<b>24,049</b>
<b>Net book value as of 31 December 2018</b>	<b>1,067</b>	<b>27,582</b>	<b>5,118</b>	<b>2,006</b>	<b>28,014</b>	<b>63,787</b>
<b>2017-</b>	<b>Exclusive right*</b>	<b>Licenses**</b>	<b>Right of passing ***</b>	<b>Right to use and operate ****</b>	<b>Goodwill*****</b>	<b>Total</b>
<b>Cost:</b>						
Balance at the beginning of the year	8,000	39,397	8,258	4,136	28,014	87,805
Additions	-	14	-	-	-	14
<b>Balance At the end of the year</b>	<b>8,000</b>	<b>39,411</b>	<b>8,258</b>	<b>4,136</b>	<b>28,014</b>	<b>87,819</b>
<b>Accumulated amortization:</b>						
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
<b>Balance at the end of the year</b>	<b>6,533</b>	<b>9,859</b>	<b>2,766</b>	<b>1,874</b>	<b>-</b>	<b>21,032</b>
<b>Net book value as of 31 December 2017</b>	<b>1,467</b>	<b>29,552</b>	<b>5,492</b>	<b>2,262</b>	<b>28,014</b>	<b>66,787</b>

\* 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 a payment of JD 4,000,000 and the obligation to pay 9% of the total monthly sales of the Free Zones Corporation at 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 39,397 thousand, representing the fair value of the electricity distribution licenses granted by the Energy and Minerals Regulatory Authority to the subsidiaries as at the date of the grants, which is amortized over the life of the license, which is 19 years.



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

---

**(In Thousands of Jordanian Dinars)**

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

\*\*\*\* This item represents the amount of payments made by the United Travelling Center Company 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, accordingly 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 the acquisition of Electricity Distribution Company by Kingdom Electricity Company (a subsidiary of Al-Daman Company for Energy Investments) 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 2018 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 2018 that was approved by the Board of Directors. Cash flows after the year 2018 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 the acquisition of Al Daman for Energy Investment Private Shareholding Company (previously, Jordan Dubai for Electricity Distribution Investment Company) by the Social Security Investment Fund with a total amount of JD 22,743 Thousand in 2011, which represents the amount of revaluation difference.

The recoverable amount for Al Daman for Energy Investments was determined based on the recoverable amount for Kingdom Electricity Company (a subsidiary of Al-Daman for Energy Investments) which was calculated based on the projected cash flows. This Company was identified as a cash – generating unit for the purpose of Goodwill impairment testing. The projected cash flows were performed using a 13.85% discount rate and a growth rate of 3.3%. Based on the impairment testing results, no impairment losses were recognized as a result from the acquisition of Electricity Distribution Plc.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

**(17) OTHER ASSETS**

This item consists of the following:

	2018	2017
Accrued revenues and interests	94,671	79,276
Prepaid expenses and other current assets	28,237	23,357
Deferred tax assets	2,157	1,818
Trade receivables	453,916	310,791
Checks under collection	4,014	3,988
Housing fund deposits (note 6)	2,945	3,096
Others	2,229	2,115
	588,169	424,441
Less: provision for expected credit losses *	(25,451)	(20,875)
	562,718	403,566

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

	2018			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2018 "adjusted"	20,615	-	-	20,615
Impairment loss on new balances during the year	4,836	-	-	4,836
Balance as at 31 December 2018	25,451	-	-	25,451

The balance of the allowance for doubtful debts was JD 25,451 thousand as at 31 December 2018 and was JD 20,876 thousand as at 31 December 2017.

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

	Past due but not impaired					
	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	More than 120 days	Total
2018	119,999	22,264	21,865	17,811	246,526	428,465
2017	99,234	2,186	726	14,983	172,787	289,916

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(In Thousands of Jordanian Dinars)

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

This item represents amounts received by the subsidiaries of AL-Daman for Energy Investments Company (a subsidiary) from the subscribers as cash deposits for electricity connection services, based on the instructions of delivery costs of the Electricity Regulatory Commission.

**(19) ADVANCE PAYMENTS FROM ELECTRICITY SUBSCRIBERS**

This item represents amounts received in advance by the subsidiaries of AL-Daman for Energy Investments Company (a subsidiary) from the subscribers for the implementation of subscribers' contributions projects.

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

This item represents the amounts due from the subsidiaries of AL-Daman for Energy Investments Company (a subsidiary) in addition to interest on late payments related to purchased energy from National Electric Power Company (NEPCO). Interest penalties amounted to JD 72,278 thousand as at 31 December 2018 (2017: JD 50,530 thousand).

**(21) BANK LOANS**

This item consists of the following:

	31 December 2018		
	Short term	Long term	Total
Arab Bank	381	800	1,181
Jordan Kuwait Bank (Jordanian Dinar)	3,111	21,778	24,889
Housing Bank for Trade and Finance	6,000	26,000	32,000
Jordan Commercial Bank	92	367	459
	<u>9,584</u>	<u>48,945</u>	<u>58,529</u>
	31 December 2017		
	Short term	Long term	Total
Arab Bank	300	1,100	1,400
Jordan Kuwait Bank (Jordanian Dinar)	3,111	24,889	28,000
Housing Bank for Trade and Finance	6,000	30,000	36,000
	<u>9,411</u>	<u>55,989</u>	<u>65,400</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

---

**(In Thousands of Jordanian Dinars)**

**Arab Bank**

This amount represents the loan amount granted to Jordan Press Foundation / Al Rai (a subsidiary) on 13 March 2015, the company obtained a loan with a ceiling of JD 3.5 million, bearing an interest rate of 8.625% and repayable over 44 monthly installments of JD 80 thousand, except for the last installment amounting to JD 60 thousand. The first installment was due on 1 April 2015. The purpose of the loan is to 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 loan payments. Based upon this the monthly installment became 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 1,181 thousand as of 31 December 2018 (2017: JD 1,400 thousand).

**Jordan Kuwait Bank – Jordanian Dinar**

This item represents the loan amount granted to Kingdom Electricity Company for Energy Investments (a subsidiary of Al-Daman for Energy Investments Company) 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 interest due. Interest is payable based on applicable interest rate on deposits with the Central Bank of Jordan plus a margin of a maximum rate of 2.65%, the minimum applicable interest rate is 5.3% annually.

**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 rate granted to the bank's top customers less 3% whichever is lower for the first five years of the loan life, and starting from the sixth year of the loan 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 was due on 31 December 2017, the interest is payable every six months.

**Jordan Commercial Bank**

This item represents the amount of loan granted to the Jordan Press Foundation / Al Rai (a subsidiary) on 6 March 2018 from Jordan Commercial Bank with a ceiling of JD 500 thousand and an annual interest rate of 9.5%. The loan is repayable over five yearly installments of JD 130 thousand expect for last installment which represents the remaining amount of loan. the first installment is due on 1 January 2019 and the last installment is due on 1 January 2023. The loan was used to cover employee expenses up until their end of service date. The loan balance amounted to JD 459 thousand as at 31 December 2018.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(In Thousands of Jordanian Dinars)

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

Movements on end of service indemnity provision were as follows:

	2018	2017
Balance at the beginning of the year	12,450	13,151
Provision for the year *	3,381	1,919
Paid during the year	(787)	(2,620)
Balance at the end of the year	15,044	12,450

\* AL-Daman for Energy Investments (subsidiary) capitalized an amount of JD 668 thousand to projects in progress as of 31 December 2018 (2017: JD 358 thousand).

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

	2018	2017
Expenses in the consolidated statement of revenues and expenses (note 33)	2,713	1,561
Capitalized to projects in progress	668	358
<b>Balance at the end of the year</b>	<b>3,381</b>	<b>1,919</b>

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

	2018	2017
Deduction rate	6.6%	6.1%
Mortality rate	0.13%	0.13%
Annual increase in salaries rate	5%	5.6%
Resignation rate	7%	6.5%
The percentage of the Company's contribution to social security net of employees' end of service indemnity	9%	8%

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

Increase by a rate of 1% in	Impact on the current value of employees' end of service indemnity provision	
	2018	2017
Deduction	(3,014)	(2,956)
Salaries	3,871	3,958
Resignations	(10,782)	10,828

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(In Thousands of Jordanian Dinars)

Decrease by a rate of 1% in	Impact on the current value of employees' end of service indemnity provision	
	2018	2017
Deduction	3,885	3,986
Salaries	(3,053)	(2,985)
Resignations	(11)	(11)

**(23) DUE TO BANKS**

This item represents credit facilities granted to AL-Daman for Energy Investments Company and its subsidiaries from local banks, in addition to amounts granted to Jordan Press Foundation / AL-Rai and National Company for Touristic Development-limited liability bearing annual interest rates that ranges between 5% to 10%. The aggregate ceilings for these facilities amounted to JD 70 million as at 31 December 2018 (2017: JD 70 million).

**(24) OTHER LIABILITIES**

This item consists of the following:

	2018	2017
Revenues and grants received in advance	27,973	38,673
Contractors payables and retentions	743	641
Governmental provisions and fees	1,326	3,691
Trade payables	17,459	17,286
Projects deposits	2,957	2,957
Accrued expenses	3,724	2,884
Waste fees	7,008	6,252
Due to the Ministry of Finance – television fees	3,092	2,745
Rural files payable	2,806	3,655
Other liabilities	50,359	38,940
	<u>117,447</u>	<u>117,724</u>

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

The land owned by the National Company for Touristic 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 Owner's Equity as Property and Equipment Revaluation Reserve.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(In Thousands of Jordanian Dinars)

**(26) FAIR VALUE RESERVE**

Movements on the fair value reserve were as follows:

	2018	2017
Balance at the beginning of the year	271,177	335,371
Net change in fair value of financial assets through other comprehensive income	64,523	(64,932)
(Gains) losses realized from sale of financial assets through other comprehensive income	(6,080)	738
Balance at the end of the year	329,620	271,177

**(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 2018 and 2017 were as follows:

	2018	2017
Balance at the beginning of the year	293,029	236,114
Cash transferred during the year, net	44,003	45,498
Unemployment fund's share of Investment Fund's returns	14,869	11,417
Balance at the end of the year	351,901	293,029

**(28) MATERIAL PARTIALLY-OWNED SUBSIDIARIES**

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

	Country	Nature of activity	Percentage of non-controlling interest	
			2018	2017
Jordan Press Foundation / AL-Rai	Jordan	Press and publishing	45.07%	45.07%
Jordan Duty Free	Jordan	Trading	42.91%	42.91%
AL-Daman for Investment	Jordan	Investment and renting	38.6%	38.6%

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(In Thousands of Jordanian Dinars)**

Condensed financial information of these subsidiaries are provided below. These information are based on amounts before intercompany elimination.

	2018	2017
<b>Accumulated balance for non-controlling interests</b>		
Jordan Press Foundation / AL-Rai	9,000	11,530
Jordan Duty Free	30,513	26,061
AL-Daman for Investment	4,131	4,166

	2018	2017
<b>Material (loss) profit attributable to non-controlling interests</b>		
Jordan Press Foundation / AL-Rai	(2,530)	(2,031)
Jordan Duty Free	12,176	10,896
AL-Daman for Investment	119	111

	Jordan Press Foundation / AL-Rai*	
	2018	2017
<b>Condensed statement of financial position</b>		
Current assets	4,468	5,738
Non-current assets	31,294	33,464
Current liabilities	(14,319)	(12,168)
Non-current liabilities	(1,474)	(1,451)
Net equity	19,969	25,583
<b>Share of non-controlling interests in equity</b>	9,000	11,530

<b>Condensed statement of comprehensive income</b>		
Revenue	10,144	12,234
Cost of revenues	(10,104)	(11,370)
Administrative expenses	(4,817)	(4,212)
Selling and distribution expenses	(533)	(582)
Other revenues and expenses, net	(305)	(577)
<b>Loss for the year before income tax</b>	(5,615)	(4,507)
Income tax	-	-
<b>Loss for the year</b>	(5,615)	(4,507)
Other comprehensive income items	-	-
<b>Total comprehensive income for the year</b>	(5,615)	(4,507)
<b>Total comprehensive income attributable to non-controlling interests</b>	(2,530)	(2,031)

<b>Condensed statement of cash flows</b>		
Operating activities	655	2,034
Investing activities	(6)	(27)
Financing activities	(411)	(2,306)
<b>Net increase (decrease) in cash and cash equivalents</b>	238	(299)

- \* 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. Accordingly, these losses have been presented as prior year adjustments in the consolidated financial statements



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

	Jordan Duty Free	
	2018	2017
<b>Condensed statement of financial position</b>		
Current assets	61,187	52,134
Non-current assets	15,333	13,537
Current liabilities	(4,893)	(4,267)
Non-current liabilities	(514)	(668)
Net equity	71,113	60,736
<b>Share of non-controlling interests in equity</b>	30,513	26,061
<b>Condensed statement of comprehensive income</b>		
Sales	101,831	94,773
Cost of sales	(63,577)	(59,928)
Administrative expenses	(4,978)	(4,687)
Selling and distribution expenses	(5,546)	(5,149)
Other revenues and expenses, net	1,129	777
<b>Profit for the year before tax</b>	28,859	25,786
Income tax expense	(482)	(392)
<b>Profit for the year</b>	28,377	25,394
Other comprehensive income items	-	-
<b>Total comprehensive income for the year</b>	28,377	25,394
<b>Total comprehensive income attributable to non-controlling interests</b>	12,176	10,896
<b>Condensed statement of cash flows:</b>		
Operating activities	22,074	25,311
Investing activities	(5,277)	(7,425)
Financing activities	(18,000)	(16,623)
<b>Net (decrease) increase in cash and cash equivalents</b>	(1,203)	1,263

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

<b>Condensed statement of financial position</b>	<b>AL-Daman for Investment</b>	
	<b>2018</b>	<b>2017</b>
Current assets	2,858	2,987
Non-current assets	7,989	7,992
Current liabilities	(145)	(186)
Net equity	10,702	10,793
<b>Share of non-controlling interests in equity</b>	<b>4,131</b>	<b>4,166</b>
<b>Condensed statement of comprehensive income</b>		
Operating revenues	469	468
Operating expenses	(388)	(317)
Administrative expenses	(171)	(226)
Share of associate's results	244	236
Other revenues and expenses, net	180	142
<b>Profit for the year</b>	<b>334</b>	<b>303</b>
Other comprehensive income items	(25)	(15)
<b>Total comprehensive income for the year</b>	<b>309</b>	<b>288</b>
<b>Total comprehensive income attributable to non-controlling interests</b>	<b>119</b>	<b>111</b>
<b>Condensed statement of cash flows:</b>		
Operating activities	(48)	99
Investing activities	(387)	(2,420)
Financing activities	(400)	-
<b>Net decrease in cash and cash equivalents</b>	<b>(835)</b>	<b>(2,321)</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(In Thousands of Jordanian Dinars)

**(29) NET OPERATING REVENUES**

	Hotels sector	Press & publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
<b>2018-</b>						
Operating revenues	36,474	10,144	563,535	91,151	2,034	703,338
Operating expenses	(14,290)	(7,965)	(472,205)	(52,897)	(388)	(547,745)
<b>Net operating revenues</b>	<b>22,184</b>	<b>2,179</b>	<b>91,330</b>	<b>38,254</b>	<b>1,646</b>	<b>155,593</b>

Net operating revenues for the hotel sector consists of the following:

	Amman AL Sham Palace Hotel	Intercontinental Hotel Aqaba	Crown Plaza Hotel – Amman	Crown Plaza Resort- Petra	Crown Plaza Resort- Dead Sea	Holiday Inn Resort- Dead Sea	Total
Operating revenues	922	8,898	8,762	3,664	8,625	5,603	36,474
Operating expenses	(477)	(3,383)	(3,226)	(1,277)	(3,628)	(2,299)	(14,290)
<b>Net operating revenues</b>	<b>445</b>	<b>5,515</b>	<b>5,536</b>	<b>2,387</b>	<b>4,997</b>	<b>3,304</b>	<b>22,184</b>

	Hotels sector	Press & publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
<b>2017-</b>						
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)
<b>Net operating revenues</b>	<b>20,255</b>	<b>3,328</b>	<b>73,132</b>	<b>34,845</b>	<b>1,969</b>	<b>133,529</b>

**(30) INTEREST INCOME**

This item consists of the following:

	2018	2017
Interest on balances and deposits at banks and financial institutions*	63,161	42,538
Interest on bonds and treasury bills*	283,015	233,791
Loans	9,284	6,458
	<b>355,460</b>	<b>282,787</b>

\* These items contain an amount of JD 14,892 thousand as of 31 December 2018 representing interest income to the unemployment fund (2017: JD 11,437 thousand).

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(In Thousands of Jordanian Dinars)**

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

This item consists of the following:

	<u>2018</u>	<u>2017</u>
Realized gains	26	270
Unrealized revaluation losses	(13,405)	(440)
Commission on purchasing and selling financial assets at fair value through statement of revenues and expenses	(17)	-
	<u>(13,396)</u>	<u>(170)</u>

**(32) GAINS (LOSSES) ON INVESTMENT PROPERTIES**

This item consists of the following:

	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>		
Leased properties revenue	1,791	1,662
Gain from sale of investments properties	-	378
Gain from sale of investments properties / lawsuits	-	2,931
<b>Expenses:</b>		
Management fees, evaluation and other fees	(343)	(243)
Allowance for doubtful rents receivables	-	(496)
Gains (losses) on investment properties valuation at fair value (note 14)	9,802	(20,595)
	<u>11,250</u>	<u>(16,363)</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(In Thousands of Jordanian Dinars)

**(33) GENERAL AND ADMINISTRATIVE EXPENSES**

This item consists of the following:

	2018	2017
Salaries, wages and employees benefits	49,429	48,240
Training and courses expense	275	314
Telephone and mail	742	733
Stationery and printings	443	416
Rent	228	240
Electricity, water and fuel	1,026	970
Repair and maintenance	194	129
Insurance expense	952	1,050
Professional and consultancy fees	1,307	806
Board of Director's remuneration and transportation	831	837
Vehicles and transportation expenses	3,750	3,056
Spare parts and material	519	516
Governmental fees and licenses	1,682	1,589
End of service indemnity (note 22)	2,713	1,561
Hotels supervision and operating fees	914	977
Others	6,808	6,225
	<u>71,813</u>	<u>67,659</u>

**(34) BANK CHARGES, COMMISSIONS AND INTEREST**

This item includes finance costs and delay interests on repayments of energy bills of the subsidiary "Al-Daman for Energy Investments" amounting to JD 29,269 thousand as at 31 December 2018 (2017: JD 19,759 thousand)

**(35) CASH AND CASH EQUIVALENTS**

This item consists of the following:

	2018	2017
Cash on hand, current and on demand accounts (note 3)	14,682	16,700
Deposits maturing within three months or less (note 4)	765,882	637,294
	<u>780,564</u>	<u>653,994</u>

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

	2018	2017
Cash and cash equivalents	780,564	653,994
Due to banks (note 23)	(61,032)	(49,901)
	<u>719,532</u>	<u>604,093</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

**(36) 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:

<b><u>Consolidated Statements of financial position items</u></b>	<b>2018</b>			<b>2017</b>
	<b>Parent</b>	<b>Associates</b>	<b>Others</b>	<b>Total</b>
<b>Assets and liabilities:</b>				
<b>Bank balances and deposits-</b>				
Jordan Kuwait Bank (current account)	-	-	-	88
Jordan Kuwait Bank (deposits)	-	51,834	-	40,479
<b>Investments in shares-</b>	-	476,140	-	490,641
<b>Cash dividends-</b>				
Jordan Petroleum Refinery Co.	-	4,081	-	4,085
The Jordan Worsted Mills Factory	-	675	-	751
Jordan Telecommunication Co.	-	6,931	-	5,198
Jordan Kuwait Bank	-	4,208	-	4,208
East Company for Investment Projects	-	220	-	-
Jordanian Electric Power Co.	-	897	-	915
Electrical Equipment Industries Company	-	-	-	88
<b>Due from related parties-</b>				
Jordan Solar Company	-	131	-	113
Al-Zarqa Station for Electrical Power Generation Company	-	-	-	30
Electrical Equipment Industries	-	-	40	1
				<u>171</u>
				<u>144</u>
<b>Loans-</b>				
Social Security Corporation	50,000	-	-	40,000
Jordan Kuwait Bank	-	24,889	-	28,000
<b><u>Consolidated statement of revenue and expenses</u></b>				
<b>Interest-</b>				
Current account at Jordan Kuwait Bank	-	2	-	13
Deposits at Jordan Kuwait Bank	-	2,249	-	651
Social Security Corporation	1,753	-	-	1,320
Executive management salaries and remunerations	-	-	840	812
Investment Board remunerations	-	-	112	108

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

---

**(In Thousands of Jordanian Dinars)**

**(37) FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, deposits at banks and financial institutions, financial assets at fair value through the 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 is not materially different from their carrying values.

**(38) RISK MANAGEMENT**

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

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

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

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

**CREDIT RISK**

Credit risk is the risk that one party to a 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 deposits ceiling for the local banks based on a defined methodology and the credit rating of the bank in addition to setting a ceiling for the volume of transactions with brokers based on a defined methodology.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(In Thousands of Jordanian Dinars)**

---

**OPERATING RISK**

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

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

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



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(In Thousands of Jordanian Dinars)**

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 all other variables are held constant:

**2018-**

Currency	Increase in interest rate	Impact on surplus of revenues over expenses for the year	Impact on owners' equity
	%	JD	JD
JD	1	67,165	67,165
USD	1	4,169	4,169

**2017-**

Currency	Increase in interest rate	Impact on surplus of revenues over expenses for the year	Impact on owners' equity
	%		
JD	1	60,907	60,907
USD	1	742	742

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

**SHARE PRICE RISK**

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

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(In Thousands of Jordanian Dinars)**

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 assets 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:

	Change in indicator %	Effect on surplus of revenues over expenses for the year	Effect on Social Security Corporation equity
<b>2018-</b>			
<b>Indicator</b>			
Amman Stock Exchange	5	5,885	72,193
Palestine Stock Exchange	5	433	433
London Stock Exchange	5	-	3,077
		<u>6,318</u>	<u>75,703</u>
<b>2017-</b>			
<b>Indicator</b>			
Amman Stock Exchange	5	6,317	70,049
Palestine Stock Exchange	5	471	471
London Stock Exchange	5	-	2,166
		<u>6,788</u>	<u>72,686</u>

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

**FOREIGN CURRENCY RISK**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Group's functional currency is the Jordanian Dinar, and US Dollar is considered as the base currency for foreign investments. Therefore, due to the fact that the Jordanian Dinar is fixed against the US Dollar, the 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 was performed against their obligations.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

**LIQUIDITY RISK**

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

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

2018-	Up to one month	One to three months	Three to six months	More than six months up to a one year	More than one year up to three years	More than three years	Without maturity	Total
<b>Assets</b>								
Cash and bank balances	14,682	-	-	-	-	-	-	14,682
Deposits at banks and financial institutions	467,346	298,536	565,383	121,589	-	-	-	1,452,854
Financial assets at fair value through the statement of revenues and expense	-	-	-	-	-	-	126,361	126,361
Loans and granted debts, net	4,012	1,939	1,494	10,940	36,831	126,520	-	183,736
Financial asset at fair value through comprehensive income	-	-	-	-	-	-	1,448,287	1,448,287
Investments in associates	-	-	-	-	-	-	476,140	476,140
Financial assets at amortized cost	76,929	103,850	449,831	400,144	1,840,257	2,811,056	-	5,462,067
Subscribers' contributions and rural fis assets	-	-	-	-	-	184,531	-	184,531
Projects in progress	-	-	-	-	-	-	99,918	99,918
Investments properties	-	-	-	-	-	-	656,639	656,639
Investments in joint operations	-	-	-	-	-	-	2,032	2,032
Inventory, net	-	-	-	-	-	-	39,311	39,311
Property and equipment, net	-	-	-	-	-	-	349,697	349,697
Due from related parties	-	-	-	-	-	171	-	171
Intangible assets, net	-	-	-	-	-	-	63,787	63,787
Other assets	-	-	-	-	-	-	562,718	562,718
<b>Total Asset</b>	<b>562,969</b>	<b>404,325</b>	<b>1,016,708</b>	<b>532,673</b>	<b>1,677,088</b>	<b>3,124,278</b>	<b>3,824,900</b>	<b>11,142,941</b>
<b>Liability and Equity</b>								
<b>Liability-</b>								
Subscribers' contributions and rural fis assets	-	-	-	-	-	184,531	-	184,531
Electricity service subscribers' deposits	-	-	-	-	-	65,836	-	65,836
Advance payments from electricity subscribers	-	-	-	-	-	25,189	-	25,189
Due to National Electric Power Company	-	-	-	-	-	400,782	-	400,782
Loans	80	206	4,842	5,402	18,443	29,556	-	58,529
Income tax provision	-	-	4,367	-	-	-	-	4,367
End of service indemnity provision	-	-	-	-	-	-	15,044	15,044
Due to banks	61,032	-	-	-	-	-	-	61,032
Other liabilities	-	-	-	-	-	-	117,447	117,447
<b>Total liabilities</b>	<b>61,112</b>	<b>206</b>	<b>9,209</b>	<b>5,402</b>	<b>18,443</b>	<b>705,894</b>	<b>132,491</b>	<b>932,757</b>
<b>Equity-</b>								
<b>Social Security Corporation Equity:</b>								
Social Security Corporation current account	-	-	-	-	-	-	5,769,686	5,769,686
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	351,901	351,901
Fair value reserve, net	-	-	-	-	-	-	329,620	329,620
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	3,668,362	3,668,362
Cash flow hedges reserve	-	-	-	-	-	-	(127)	(127)
<b>Total Social Security Sectors Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,151,254</b>	<b>10,151,254</b>
Non-controlling interests	-	-	-	-	-	-	58,930	58,930
<b>Total liabilities and equity</b>	<b>61,112</b>	<b>206</b>	<b>9,209</b>	<b>5,402</b>	<b>18,443</b>	<b>705,894</b>	<b>10,342,975</b>	<b>11,142,941</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

	Up to one month	One to three months	Three to six months	More than six months up to a one year	More than one year up to three years	More than three years	Without maturity	Total
<b>2017-</b>								
<b>Assets</b>								
Cash and bank balances	16,700	-	-	-	-	-	-	16,700
Deposits at bank and financial institutions	338,758	288,536	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	-	-	-	-	-	-	480,641	480,641
Financial assets at amortized cost	-	40,892	103,589	518,158	1,522,667	2,784,362	-	4,969,768
Subscribers' contribution and rural fits assets	-	-	-	-	-	179,705	-	179,705
Projects in progress	-	-	-	-	-	-	94,255	94,255
Investments 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
<b>Total Asset</b>	<b>359,464</b>	<b>341,567</b>	<b>489,898</b>	<b>537,106</b>	<b>1,579,988</b>	<b>3,038,732</b>	<b>3,578,108</b>	<b>8,923,881</b>
<b>Liability and Equity</b>								
<b>Liability-</b>								
Subscribers' contribution and rural fits 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	-	-	3,838	-	-	-	-	3,838
End of service indemnity provision	-	-	-	-	-	-	12,450	12,450
Due to banks	49,901	-	-	-	-	-	-	49,901
Other liabilities	-	-	-	-	-	-	117,724	117,724
<b>Total liabilities</b>	<b>49,901</b>	<b>-</b>	<b>3,838</b>	<b>1,400</b>	<b>-</b>	<b>583,967</b>	<b>130,174</b>	<b>769,278</b>
<b>Equity-</b>								
<b>Social Security Corporation Equity:</b>								
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
<b>Total Social Security Sectors Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,098,474</b>	<b>9,098,474</b>
Non-controlling interests	-	-	-	-	-	-	56,109	56,109
<b>Total liabilities and equity</b>	<b>49,901</b>	<b>-</b>	<b>3,838</b>	<b>1,400</b>	<b>-</b>	<b>583,967</b>	<b>9,284,757</b>	<b>8,923,861</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(In Thousands of Jordanian Dinars)**

Sensitivity of interest prices were as follows:

2018-	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non-interest bearing	Total
<b>Assets</b>								
Cash and bank balances	14,682	-	-	-	-	-	-	14,682
Deposits at banks and financial institutions	467,346	298,536	565,383	121,589	-	-	-	1,452,854
Financial assets at fair value through statement of revenue and expense	-	-	-	-	-	-	126,361	126,361
Loans and granted debts, net	4,012	1,939	1,494	10,940	36,831	128,520	-	183,736
Financial asset at fair value through comprehensive income	-	-	-	-	-	-	1,448,297	1,448,297
Investments in associates	-	-	-	-	-	-	476,140	476,140
Financial assets at amortized cost	76,929	103,850	449,831	400,144	1,640,257	2,811,056	-	5,482,067
Subscribers' contributions and rural file assets	-	-	-	-	-	184,531	-	184,531
Projects in progress	-	-	-	-	-	-	99,918	99,918
Investments properties	-	-	-	-	-	-	656,639	656,639
Investments in joint operations	-	-	-	-	-	-	2,032	2,032
Inventory, net	-	-	-	-	-	-	39,311	39,311
Property and equipment, net	-	-	-	-	-	-	349,697	349,697
Intangible assets, net	-	-	-	-	-	171	-	171
Due from related parties	-	-	-	-	-	-	63,787	63,787
Other assets	-	-	-	-	-	-	562,718	562,718
<b>Total Asset</b>	<b>562,969</b>	<b>404,325</b>	<b>1,016,708</b>	<b>532,673</b>	<b>1,677,088</b>	<b>3,124,276</b>	<b>3,824,900</b>	<b>11,142,941</b>
<b>Liability and equity</b>								
<b>Liability-</b>								
Subscribers' contributions and rural file assets	-	-	-	-	-	184,531	-	184,531
Electricity service subscribers' deposits	-	-	-	-	-	65,836	-	65,836
Advance payment from electricity subscribers	-	-	-	-	-	25,189	-	25,189
Due to National Electric Power Company	-	-	-	-	-	400,782	-	400,782
Loans	80	206	4,842	5,402	18,443	29,556	-	58,529
Income tax provision	-	-	-	-	-	-	4,367	4,367
End of service indemnity provision	-	-	-	-	-	-	15,044	15,044
Due to banks	61,032	-	-	-	-	-	-	61,032
Other liabilities	-	-	-	-	-	-	117,447	117,447
<b>Total liabilities</b>	<b>61,112</b>	<b>206</b>	<b>4,842</b>	<b>5,402</b>	<b>18,443</b>	<b>705,894</b>	<b>138,858</b>	<b>932,757</b>
<b>Equity-</b>								
<b>Social Security Corporation Equity:</b>								
Social Security Corporation current account	-	-	-	-	-	-	5,769,886	5,769,886
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	351,901	351,901
Fair value reserve, net	-	-	-	-	-	-	329,620	329,620
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	3,668,362	3,668,362
Cash flow hedges reserve	-	-	-	-	-	-	(127)	(127)
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,151,254</b>	<b>10,151,254</b>
Non-controlling interests	-	-	-	-	-	-	58,930	58,930
<b>Total liabilities and equity</b>	<b>61,112</b>	<b>206</b>	<b>4,842</b>	<b>5,402</b>	<b>18,443</b>	<b>705,894</b>	<b>10,347,042</b>	<b>11,142,941</b>
Sensitivity variance	501,857	404,119	1,011,886	527,271	1,658,845	2,418,384	(6,522,142)	-
<b>Cumulative sensitivity variance</b>	<b>501,857</b>	<b>905,978</b>	<b>1,917,842</b>	<b>2,445,113</b>	<b>4,103,758</b>	<b>6,522,142</b>	<b>-</b>	<b>-</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(In Thousands of Jordanian Dinars)**

2017-	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non-interest bearing	Total
<b>Assets</b>								
Cash and bank balances	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	-	4,869,768
Subscribers' contribution and rural file assets	-	-	-	-	-	-	179,705	179,705
Projects in progress	-	-	-	-	-	-	94,255	94,255
Investments 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	-	-	-	-	-	-	68,787	68,787
Due from related parties	-	-	-	-	-	-	144	144
Other assets	-	-	-	-	-	-	403,566	403,566
<b>Total Asset</b>	<b>359,464</b>	<b>341,567</b>	<b>489,896</b>	<b>537,108</b>	<b>1,579,988</b>	<b>2,856,883</b>	<b>3,758,957</b>	<b>9,923,861</b>
<b>Liability and Equity</b>								
<b>Liability-</b>								
Subscribers' contributions and rural file 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
<b>Total liabilities</b>	<b>49,901</b>	<b>-</b>	<b>-</b>	<b>1,400</b>	<b>-</b>	<b>64,000</b>	<b>653,977</b>	<b>769,278</b>
<b>Equity-</b>								
<b>Social Security Corporation Equity:</b>								
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	-	-	-	-	-	-	3,257,763	3,257,763
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,098,474</b>	<b>9,098,474</b>
Non-Controlling Interests	-	-	-	-	-	-	56,109	56,109
<b>Total liabilities and equity</b>	<b>49,901</b>	<b>-</b>	<b>-</b>	<b>1,400</b>	<b>-</b>	<b>64,000</b>	<b>9,808,560</b>	<b>9,923,861</b>
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	3,258,720	6,049,603	-	-

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(In Thousands of Jordanian Dinars)

**(39) 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 December 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
<b>Geographical region</b>				
Inside Jordan	11,072,736	932,757	9,871,123	769,278
Arabian countries	8,658	-	9,422	-
Europe	61,547	-	43,316	-
	<u>11,142,941</u>	<u>932,757</u>	<u>9,923,861</u>	<u>769,278</u>

Assets and liabilities are concentrated according to the following economic distribution:

	31 December 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
<b>Economic sector</b>				
Investment	9,793,758	3,627	8,733,189	4,169
Hotels	116,179	3,371	122,978	4,139
Press and publishing	35,762	15,794	39,202	13,619
Energy	985,486	861,977	817,621	698,365
Trading	76,520	5,407	65,671	4,935
Other	135,236	42,581	145,200	44,051
	<u>11,142,941</u>	<u>932,757</u>	<u>9,923,861</u>	<u>769,278</u>

**(40) CONTINGENT LIABILITIES**

The contingent liabilities of the Group as of 31 December 2018 consist of the following:

- A. As at 31 December 2018, the outstanding letters of credit and letters of guarantee were JD 21,375 thousand (2017: JD 2,529 thousand).
- B. The remaining capital expenditures to complete projects in progress for subsidiaries and Hotels owned by the Fund as at 31 December 2018 amounted to JD 207,634 thousand (2017: JD 225,513 thousand).
- C. Operating lease commitment for Al Daman for Energy Investments (a 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.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(In Thousands of Jordanian Dinars)**

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

	31 December	
	2018	2017
Less than 1 year	181	190
1 to 5 years	701	727
Over 5 years	539	703
	<u>1,421</u>	<u>1,620</u>

D. Operating lease commitment for Al Daman for Investments (a subsidiary):

On 30 September 1998, the Company signed a lease agreement for Aqaba Gate Land with an annual amount of JD 66 thousand for a period of 30 years and will be renewed twice with a written request from the Company. Starting from the 11<sup>th</sup> 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.

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

	31 December	
	2018	2017
Less than 1 year	88	84
1 to 5 years	493	474
Over 5 years	31,325	31,431
	<u>31,906</u>	<u>31,989</u>

**(41) 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



**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(In Thousands of Jordanian Dinars)

	Level (1)	Level (2)	Level (3)	Total
<b>31 DECEMBER 2018</b>				
<b>Financial assets:</b>				
Financial assets through the statement of revenues and expenses	126,361	-	-	126,361
Financial assets through other comprehensive income	1,387,702	-	60,595	1,448,297
<b>Total financial assets</b>	<b>1,514,063</b>	<b>-</b>	<b>60,595</b>	<b>1,574,658</b>

	Level (1)	Level (2)	Level (3)	Total
<b>31 DECEMBER 2017</b>				
<b>Financial assets:</b>				
Financial assets through the statement of revenues and expenses	135,770	-	-	135,770
Financial assets through other comprehensive income	1,317,945	-	65,965	1,383,910
<b>Total financial assets</b>	<b>1,453,715</b>	<b>-</b>	<b>65,965</b>	<b>1,519,680</b>

**(42) LITIGATIONS**

**Social Security Investment Fund**

There are lawsuits against the Fund with an approximate amount of JD 345 thousand as at 31 December 2018 (2017: JD 325 thousand). Management and legal counsel believe that no obligations will arise from these lawsuits.

**Jordan Press Foundation – Al Rai – Subsidiary**

Jordan Press Foundation – Al Rai is a defendant in a lawsuit within the ordinary course of business amounting to JD 3,980 thousand as at 31 December 2018 (2017: JD 4,025 thousand). Management and legal counsel believe that no obligations shall arise from these lawsuits.

**Jordan Duty Free Shops – Subsidiary**

- There are labor lawsuits raised against Jordan Duty Free Company (a subsidiary) with an amount of JD 17 thousand. Management and legal counsel believe that the existing provision is sufficient against these lawsuits.
- There are lawsuits related to customs raised against the Company with an amount of JD 18 thousand. Management and legal counsel believe that no obligations will arise from these lawsuits.

**(In Thousands of Jordanian Dinars)**

**National Company for Tourism Development – Subsidiary**

There are lawsuits against the Company amounting to JD 14 thousand as at 31 December 2018 related to claims by lessees (2017: JD 18 thousand).

**Daman for Energy Investments – Subsidiary**

There are lawsuits against the Group related to its activities with a total amount of JD 507 thousand as at 31 December 2018 (2017: JD 666 thousand), Management and legal counsel believe that the current lawsuit provision amounting to JD 783 thousand recognized by the Group is sufficient at the date of the consolidated financial statements.

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

National Electric Power Company (the Group's energy supplier) demands JD 722 thousand, which represents a difference in delay interests. Management of the subsidiary and its legal advisor believe that the Company will not incur any obligations according to the electricity tariff (whole sale tariff) issued by the Energy and Minerals Regulatory Commission (EMRC) which is binding to both parties.

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

There were no lawsuits against the Company as at 31 December 2018 and 2017. The company's legal counsel believe that no obligations will arise from these lawsuits.

Lawsuits raised by the company against others amounted to JD 95 thousand as at 31 December 2018 (2017: JD 214 thousand).

**Crown Plaza Resort – Dead Sea – Fully Owned Hotel**

There are lawsuits raised against the resort amounting to JD 21 thousand as at 31 December 2018 (2017: JD 21 thousand), These lawsuits are still in their early stages; Management and legal counsel believe that no additional provisions should be recognized against these lawsuits.

**Intercontinental Resort – Aqaba - Fully Owned Hotel**

There are lawsuits raised against the resort amounting to JD 139 thousand as at 31 December 2018 (2017: JD 199 thousand) related to the resort activities. Risks related to these lawsuits and their probability of occurrence were analyzed despite the fact that the results cannot be identified accurately. Management and legal counsel believe that no obligations will arise from these lawsuits.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

(In Thousands of Jordanian Dinars)

**Holiday Inn Resort - Dead Sea – Fully Owned Hotel**

There are lawsuits raised against the resort amounting to JD 2 thousand as at 31 December 2018 (2017: JD 6 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 obligations 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.

**Crown Plaza Hotel – Amman – Fully Owned Hotel**

There are lawsuits raised against the hotel amounting to JD 5 thousand as at 31 December 2018 (2017: JD 64 Thousand), Management and 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 2018 (2017 JD 22 thousand). Management and legal counsel believe that no additional provisions should be recognized against these lawsuits.

**(43) INCOME TAX PROVISION**

Movements on income tax provision were as follows:

	2018	2017
Balance at the beginning of the year	3,836	4,150
Deferred income tax related to temporary time variances	(270)	9
Prior years income tax	873	61
Provision for the year	4,622	4,200
Income tax paid	(4,694)	(4,584)
<b>Balance at the end of the year</b>	<b>4,367</b>	<b>3,836</b>

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

	2018	2017
Provision for the year	4,622	4,200
Change in deferred tax assets	(270)	9
Prior year income tax	873	61
	<b>5,225</b>	<b>4,270</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(In Thousands of Jordanian Dinars)**

---

**Tax Position of the Group**

**Social Security Investment Fund**

The income tax provision for the year ended 31 December 2018 has been calculated in accordance with income tax law No. (34) of 2014. Management believes that the provision amounting to JD 468 thousand is sufficient and there is no need to recognize additional provision. Most of the Fund's activities are tax exempted in accordance with Income Tax Law.

The Fund submitted its tax declarations for the years 2017 and 2018. The Income and Sales 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 and Sales 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 a lawsuit has been raised over the matter. In 2018, the Court of first instance appointed an expert to obtain an opinion regarding the objection. The opinion of the expert was in favor of the Company and a decision was issued by the court of first instance to accept the expert's report. The difference became 3 thousand and the financial decision has not yet been issued until the date of these consolidated financial statements.

**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 2017 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 2017, 2016 and 2015. The Income and Sales Tax Department did not review the Company's accounting records for the years 2015, 2016 and 2017 until the date of these consolidated financial statements.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**(In Thousands of Jordanian Dinars)**

---

**Jordan Press Foundation / Al Rai – Subsidiary**

Income tax provision was not calculated for the two years ended 31 December 2018 and 2017 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. 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 2018 and 2017 has been calculated in accordance with Income Tax Law No. (34) Of 2014.

The Council of Ministers had resolved in its 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 2004 to 2016.

Taxes on the Company 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 Company objected to that decision and the Company's objection was rejected by the Income and Sales Tax Department. The Company 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 2017, 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.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

---

**(In Thousands of Jordanian Dinars)**

**National Company for Touristic Development - Subsidiary**

The Company obtained a final tax clearance from the Income and Sales Tax Department up to the end of 2015.

The Company has submitted its tax declarations for the years 2017 and 2016 and the Income and Sales Tax Department still has not reviewed those declarations.

No provision for income tax was calculated for the years ended 31 December 2018 and 31 December 2017 due to the excess of deductible expenses over taxable revenues in accordance with Income Tax Law No (34) of 2014.

The Income and Sales Tax Department – Aqaba branch obtained final clearance from the Income and Sales Department up to the year 2015. The Company submitted its tax declarations for the years 2017 and 2016, the Income and Sales Tax Department has not received yet.

No provision for income tax was calculated for Aqaba Branch as it has not completed the registration as it needs a clearance up to the year 2017.

**Al-Daman for Investments – Subsidiary**

Income tax for the years ended 31 December 2018 and 2017 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 2015. Tax declarations related to the Company's activities in Aqaba were submitted for the years 2015, 2016, and 2017. The Income and Sales Tax Department still has not yet reviewed those declarations until the consolidated 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.

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

Income tax provision was calculated for the two years 2017 and 2018 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.

The Company submitted its records for the year 2017, and the Income and Sales Tax Department has not reviewed the Company's record up to the date of the consolidated financial statement.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
**(In Thousands of Jordanian Dinars)**

---

**Al-Daman for Zone Development – Subsidiary**

The Company has calculated its income tax provision for the year ended 31 December 2018, and according to the Developing Zones Law No. (30) of 2014 the Company deducts 5% from its taxable income as income tax provision.

North Development Company and Mafraq developed has reached a settlement with the Income and Sales Tax Department until the end of 2015, the Company also submitted its tax records for the year 2017, and the Income and Sales Tax Department has not reviewed the Company's record up to the date of the consolidated financial statement.

The Company reached a final settlement with the Income and Sales Tax Department for the year ended 2016. The Company submitted its records to the Income and Sales Tax Department for the period since inception up to the year 2017.

**United Travelling Center – Subsidiary**

Income tax provision was not calculated for the years ended 31 December 2018 and 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 2015, 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 2017 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.

**(44) 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 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.

#### *Transition to IFRS 16*

The Company has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or using the modified retrospective approach by applying the impact as an adjustment on the opening retained earnings. The Company will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group will adopt IFRS 16 using the modified retrospective approach.

The Group did not expect a material impact on the consolidated financial statement as a result of IFRS 16 implementation.

#### **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.

#### **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 1 January 2019, but certain transition reliefs are available.



**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. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

**Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

**Amendments to IAS 28: Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted.

**(45) COMPARATIVE FIGURES**

Some of 2017 balances were reclassified to correspond with the 2018 presentation. The reclassification had no effect on the surplus of revenues over expenses and social security corporation equity for the year 2017.