صندوق استثمار
أموال الضمان الإجتماعي
Social Security Investment Fund

Annual Report 2019

His Majesty

King Abdullah II Bin Al-Hussein

His Royal Highness
Crown Prince Al Hussein Bin Abdullah II

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Chairman of the Board Message

Esteemed Social Security Members,

I would like to express my gratitude for your continued confidence in this well-established institution; the Social Security Investment Fund (SSIF). I am also pleased to put in your hands SSIF's annual report of 2019 which includes the financial, standalone and consolidated, and non-financial achievements of the past year.

In accordance with the best international practices, the Fund is governed by a comprehensive, coherent and transparent governance and control structures. SSC Board of Directors, at the outset, approves the investment policy that sets investment targets, criteria, mechanisms and determinants. The board also approves the general investment policy and the annual budget of the Fund. Then comes the Investment Board that is responsible of making the necessary investment decisions. The Fund's work is also overseen by several SSC and SSIF boards committees, the Audit Bureau, and the Parliament.

During 2019, SSIF financial performance slightly improved in comparison with 2018. This improvement came despite the adverse economic and financial conditions the national economy has been facing for several years as a result of the surrounding regional instability. SSIF total assets grew by 7.9% to reach JD 10.99 billion at the end of 2019 compared to JD 10.19 billion at the end of 2018; i.e., an increase of JD 800 million.

In response to the domestic economic and financial developments, the Fund has revised its 2019-2021 strategic asset allocation in line with its risk-return objectives and its future liabilities towards social security members.

Lastly, on behalf of my colleagues on of the Investment Board and myself; please allow me to express my sincerest gratitude to SSIF executive management and staff for their relentless efforts to manage and grow the SSC assets. Also, our gratitude goes to SSC Board for their efforts and support. We assure you of our determination to do everything we can to achieve the best possible results for a better future of our beloved country under the leadership of His Majesty King Abdullah II Bin Al-Hussein.

Mazin M. Al Khatib

Chairman of the Investment Board

Chief Executive Officer Message

Dear Social Security Pensioners and Contributors;

It gives me great pleasure to present to you the annual financial report of the Social Security Investment Fund (SSIF), comprised of both its standalone and consolidated financials as of 31/12/2019.

I would also like to seize this opportunity to express my deep appreciation for your confidence in the Social Security Corporation(SSC), and its investment arm the Social Security Investment Fund.

Jordan, under the wise Hashemite leadership, has continued to face the challenging conditions and political instability of the neighboring countries. Undoubtedly, these instabilities have adversely affected the overall economy and impeded investment decisions both domestic and foreign. Despite the challenges faced, the Jordanian economy has been able to maintain its stability thus continue to achieve economic growth. SSIF carried on with its role of investing its assets to achieve its goals in accordance with sound economic and financial principles, and prudent investment processes to ensure the highest investment returns within acceptable levels of risk.

Despite the slowdown of the national economy during 2019, the financial performance of SSIF was better than the previous year. Total assets increased by JD 800 million to reach JD 10.99 billion at the end of the year 2019, compared to JD 10.19 billion as at the end of 2018; i.e., an increase of 7.9%. Likewise, SSIF income grew by 28.3% to reach JD 556.2 million in 2019 compared to JD 433.6 million in 2018, which represents an increase of JD 122.6 million.

As a result of the economic and financial developments in the national economy during 2019, the Fund's asset allocation has witnessed some reshuffling to reflect these developments, and to optimize the allocation of these assets in order to achieve the highest possible returns, and to mitigate the associated risk.

Money market instruments, as a percentage of the fund's total assets, decreased from 13.5% at the end of 2018 to 12.3% at the end of 2019 to stand at JD 1.353 billion. The equity portfolio, as a percentage of total assets, dropped from 20.1% at the end of 2018 to 17.7% end of 2019.

On the other hand, bonds portfolio, as a percentage of total assets, increased to 54.3%, standing at JD 5.970 billion end of 2019, compared to 50.4% end of 2018. Loans and real estate portfolios, as a percentage of total assets, increased to 3% and 6% in 2019 compared to 2.5% and 5.9% in 2018, respectively.

Chief Executive Officer Message

Furthermore, the Fund has revised its 2019 - 2021 strategic plan to align it with the Jordanian economic developments and the SSC future obligations. The strategic plan aims at financing a number of national projects in partnership with the private sector to achieve the required investment returns and simultaneously contribute to driving the national economy. The plan also aims at expanding the fund's investments in multiple sectors such as energy, tourism, development zones, financial leasing, education and healthcare. The Fund will be seeking partnerships with strategic investors, developers, operators, and financial partners to jointly invest in infrastructure projects that are proven to have economic viability with acceptable levels of risk

Moreover, the Fund's investment policy formulates its role in the national economy as a long-term strategic investor and a reliable partner for the private sector in various feasible projects in vital sectors such as tourism, banking, mining, telecommunications and energy. The Fund manifests this partnership with the private sector as it finances, through financial leasing, several infrastructure projects executed by the private sector such as the new Amman Customs depot, Tafilah Public Hospital, Maan Military Hospital, and the BRT between Amman and Zarqa. In addition, the Fund is assessing a number of investment opportunities in the healthcare sector.

Finally, I would like to thank SSIF staff, my colleagues on the Investment Board and SSC Board for their dedication in performing their duties and shouldering their responsibilities to preserve and grow the assets of SSC. I, and my team, are fully committed to moving forward on the path of success to achieve our goals under the leadership of His Majesty King Abdullah II Bin Al-Hussein.

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.

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.

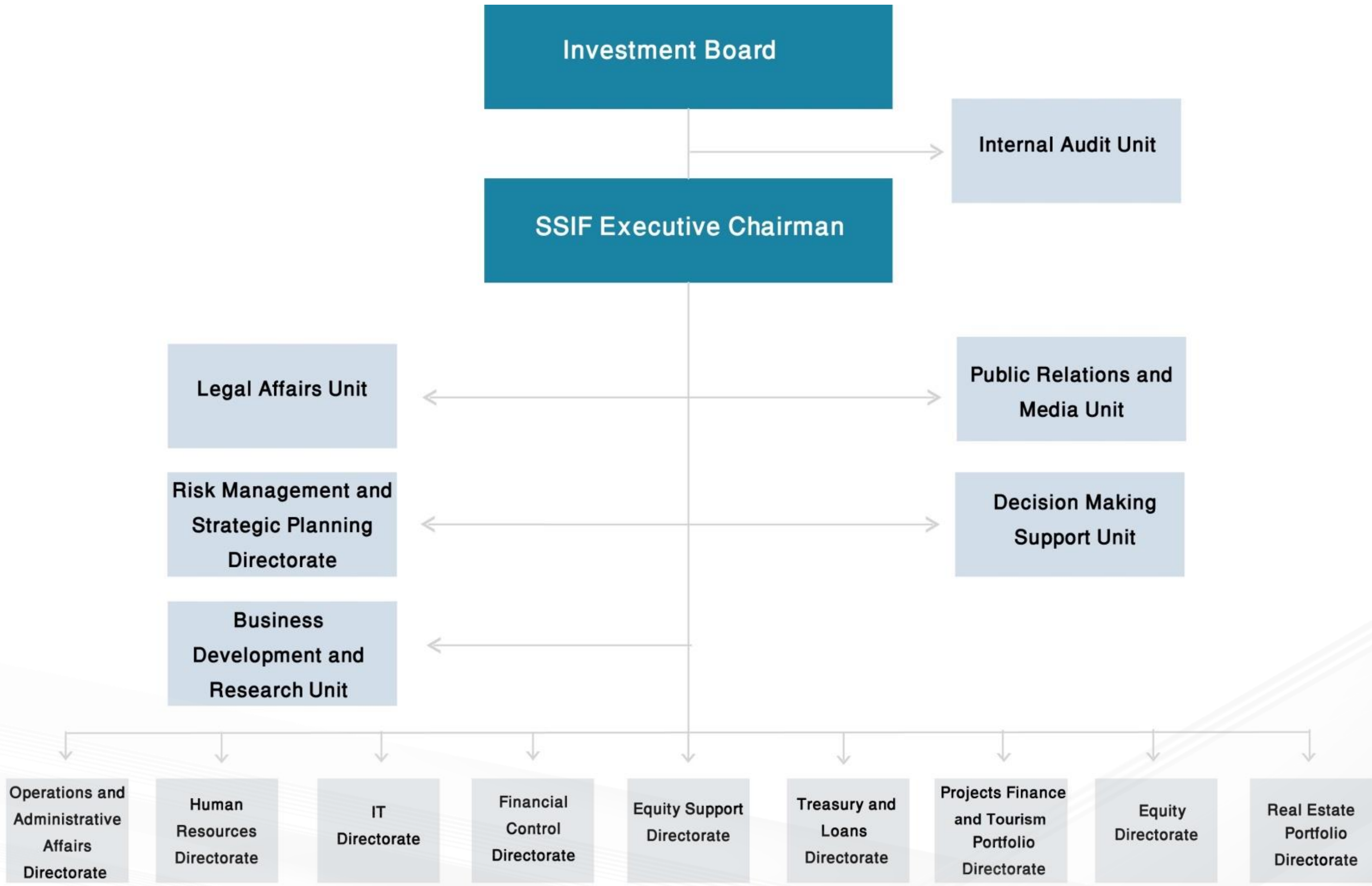
We Work Professionally:

- 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 Affaires 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.

SSIF Investment Board

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:

HE Mr. Mazin M. Al Khatib	Chairman of the Board
HE Mrs. Kholoud Saqqaf	Chief Executive Officer / Vice Chairman of the Board
HE Dr. Hazem Al-Rahahleh	SSC Director General / Member
HE Mr. Hammam Al Ma'aitah, Representative of Workers	Member
HE Mr. Asad Al-kawasmi[(1)], Representative of Employers	Member
HE Mr. "Shadi Ramzi" Al Majali	Member
HE Mr. Riyadh AlTaweel	Member
HE Dr. Qais Mahafza	Member
HE Mr. Sahl Dudin	Member

Meetings of the SSIF Investment Board: The Board held 13 meetings during 2019.

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)] Starting from 29/8/2019.

- HE Mr. Mohammad "Al Haj Hasan" was a board member and representative of employers until 28/8/2019.

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
Mr. "Shadi Ramzi" Al Majali	Member
Dr. Qais Mahafzah	Member
Mr. Fadi Abu Ghoush[(2)]	Committee's Secretary

Committee Meetings:

- The committee held 13 meetings during 2019.
- 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 Starting from 20/10/2019

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:**	
Dr. Hazem Al-Rahahleh	Chairman
Dr. Qais Mahafzah	Member
Mr. Riyadh AlTaweel	Member
Mr. Mohammad Madi[(3)]	Committee's Secretary

▪ **Committee Meetings:**

- The committee held 8 meetings during 2019.
- 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.

(3 The committee was reestablished during 2019:
- Mr. Mohammad Madi is the committee's secretary starting from 20/10/2019.
- Mrs. Ranya Alaraj was the committee's secretary during the period of 18/3/2019 until 19/10/2019.
- Dr.Hamzeh Jaradat was the committee's secretary during the period of 1/1/2019 until 17/3/2019.

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.

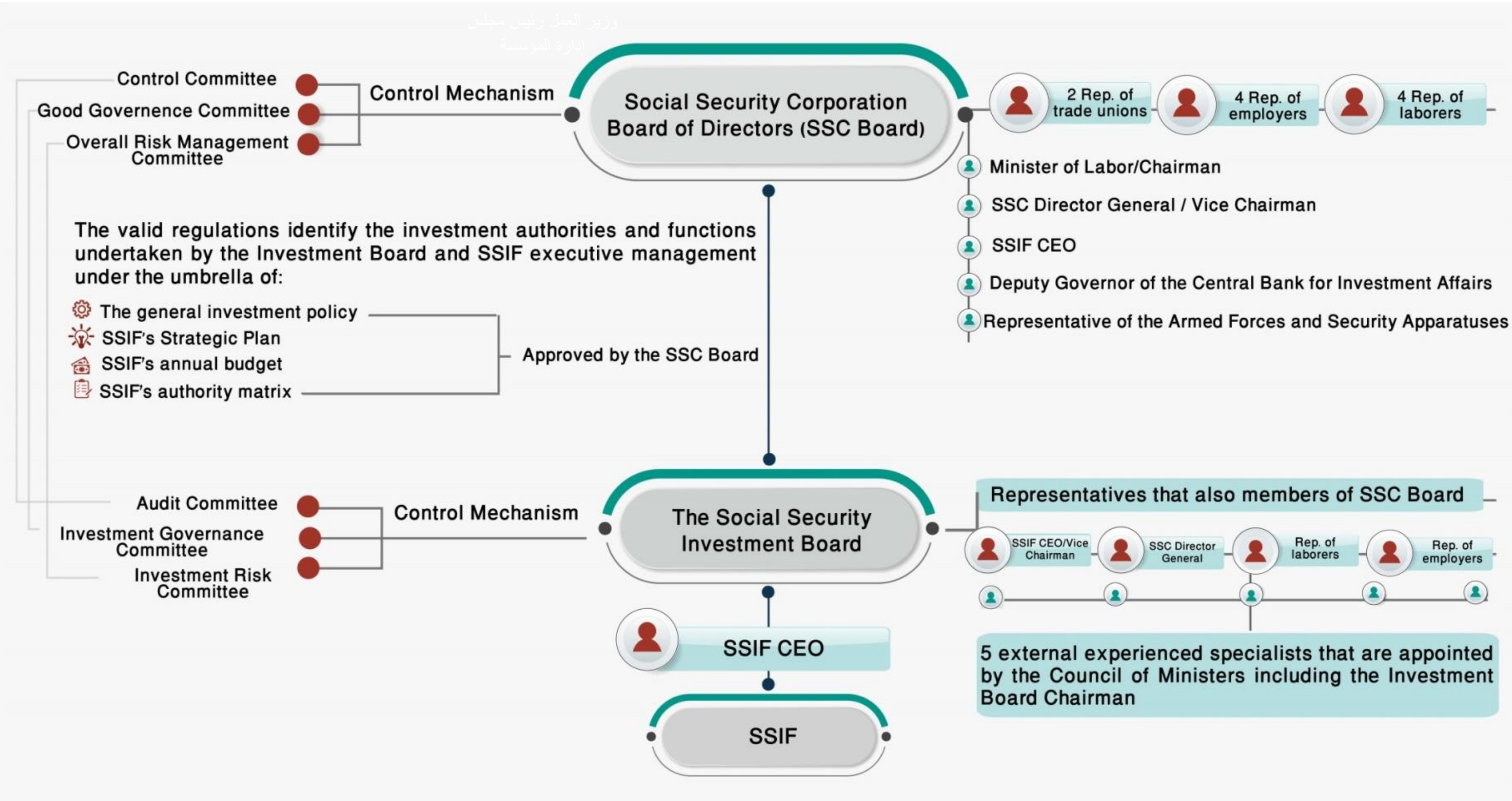
▪ **Investment Risks Committee Members:**	
Mr. "Shadi Ramzi" Al Majali	Chairman
Mr. Hammam Al Ma'aitah	Member
Mr. Asad Al-kawasmi[(4)]	Member
Mr. Nidal Al Qubbaj	Committee's Secretary

- **Committee Meetings:**

- The committee held 8 meetings during 2019.
- 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.

4) The committee was reestablished during 2019:
- HE Mr. Mohammad "Al Haj Hasan" was a committee member until 7/9/2019.

Corporate Governance



The SSC Board is comprises by:

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

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 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.

Corporate Governance

The Social Security Investment Fund implements best practices of good governance in its work and investment activities. During 2019, SSC board of directors approved the investment governance policy. The fund also reviewed the corporate governance system in its work and investment activities including its representation on the boards of directors in which the Fund invest.

Based on the Social Security law governing laws and regulations, the Fund applies a comprehensive management, monitoring and direct system for the best benefit of the Fund and the companies. Recently, the Social Security Board of Directors has approved the Representation Manual that regulates the relationship with the Fund as a competent authority to manage the representation process and its representatives. The Manual also reflects the Fund's commitment to adopt the good governance best practices. The Manual identifies the selection and classification criteria for candidates, which includes their educational degrees, technical knowledge, and practical experiences especially in financial and administrative field. The Manual also sets the assessment process and criteria of these representatives to ensure fulfilling their duties.

SSIF has 118 board members in more than 82 public and private joint-stock companies spanning almost every sector. Women’s representation is around 15%.

Governance Workshops:

- In March 2019, SSIF held a workshop on best practices in corporate governance for its representatives on different companies' board of directors as well as other stakeholders. The workshop hosted speakers from the Central Bank of Jordan, Jordan Securities Commission, Amman Stock Exchange, Amman Chamber of Commerce and the private sector.

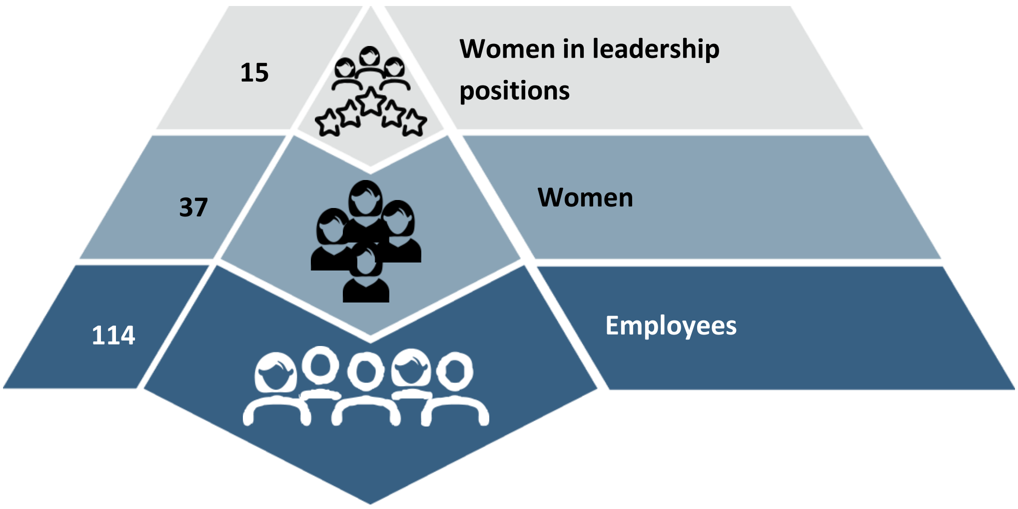
  The speakers covered issues such as the benefits of corporate governance implementation, minority rights, conflict of interest and transparency.

- In July 2019, SSIF held a workshop for Social Security Corporation (SSC) representatives tackling corporate governance.

  The workshop addressed key aspects pertaining to the implementation of corporate governance systems at public and private joint-stock companies, and the representatives' role in problem solving.

Human Resources

At the end of 2019, the Fund's staff consisted of 114 employees, of whom 37 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.

The Fund's staff hold post-graduate academic qualifications as well as professional certificates specialized in financial analysis, auditing, project management, risk management, information security, 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, and study new investment opportunities in the real estate sector.

- Directorate Manager: Eng. Ahmad Malkawi.

Equity Directorate:

The directorate manages the Fund’s investment in public companies traded in Amman Stock Exchange. Preparing analytical studies on the performance equity portfolio, and monitoring its performance.

- Directorate Manager: Mr. Emad Kodah.

Projects Finance and Tourism Portfolio Directorate:

The directorate conducts feasibility studies for new investment opportunities in all sectors. 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, 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

Equity Support Directorate

The directorate follows up and evaluates the SSC representatives on the boards of directors of public and private shareholding companies in which the SSC contributes through a comprehensive management, monitoring, and direction system to ensure effective representation in these companies, and to ensure implementation of good governance principles.

- Directorate Manager: Mr. Mohammad Madi.

Financial Control Directorate:

The directorate prepares the Fund's financial statements in accordance with the international accounting standards, prepares budgets, also approves all financial transactions and transfers, conducts settlements between accounts, in addition to preparing various financial reports.

- Directorate Acting Manager: Mrs. Manal Oreiqat.

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 planes the plans
And applying best practices in line with the requirements of King Abdullah II Award for Excellence in Government Performance and Transparency

- Directorate Manager: Mr. Khaled Al d'aja.

Operations and Administrative Affairs Directorate:

The directorate executes all financial operations, financial constraints, opening accounts and follows up on updating all operations of various portfolios. It also manages the archive system and purchasing operations, in addition to providing support services.

- Directorate Manager: Mr. Saeed Shanan.

IT Directorate:

The directorate is in charge of the automatization of the Fund's operations according to international standards to ensure efficient operations. 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 Otoom

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. • Acting Unit Manager: Fadi Abu ghoush.
Business Development and Research Unit:	The unit looks for potential investment opportunities in targeted sectors in line with the Fund's strategic plan. Also it prepares periodic economic and financial reports, and conveys the best international practices of pension funds. • Unit Manager: Dr.Hamzeh Jaradat.
Legal Affairs Unit:	The unit prepares the legislation governing the operation of the Fund. It provides legal advice to the top management. Also prepares, drafts and reviews the agreements, MOUs, contracts, and regulations that govern the Fund’s. • Unit Manger : Ms. Reem Abzakh
Decision Making Support Unit:	The unit is the secretarial of the investment board and investment committee and also it follows up issued decisions and recommendations. It is the focal point between the Investment Board and the Social Security Corporation’s Board of Directors. • Acting Unit Manager: Ms. Reem Abzakh
Public Relations and Media Unit:	The unit works to strengthen the Fund’s position as a national strategic investor and highlights its investments and various activities by managing the various communication channels of the Fund with partners, general audience, and press and manages the Fund's website and the presence of the Fund in media and social media platforms. • Acting Unit Manager: Ms. Amani Elkayed

Social Responsibility Initiatives

The Fund is keen on organizing social responsibility initiatives since it believes in the importance of the social responsibility to enhance the investment environment, as well as the importance of the social dimension of the Fund's various activities and investments.

The Fund issues annual sustainability reports that include the main dimensions of financial, environmental and social sustainability of the Fund's activities and investments.

The Fund implemented initiatives in various fields during 2019 which targeted its employees and the local community:

- Workshops
- Health Care Programs
- Community support

Social Responsibility Initiatives

Workshops:

The Fund organized a workshop in cooperation with Jordan Environment Society in April 2019, on the importance of recycling for environmental sustainability. The participants were briefed on the importance of environmental protection, and the positive changes in lifestyles to protect the society.

The Fund organized a workshop in cooperation with the Ministry of Justice in July 2019, on the new legislations of Law No. 21 for 2014. The participants were briefed on the categories covered by this law, the establishment and mission of the financial disclosure department in the ministry, and the taxpayers' rights and obligations.

The Fund organized a workshop in cooperation with Income and Sales Tax Department in the Ministry of Finance in September 2019, on the applications of Law No. 38 of 2018/amendments of Income Tax Law No. 34 of 2014. The participants were briefed on the current income tax law, general sales tax law and its instructions.

Social Responsibility Initiatives

Health Care Programs:

The Fund organized workshops in cooperation with King Hussein Cancer Center in January and March 2019, on cancer and prostate cancer. The participants were briefed on their causes, methods of prevention, and adherence to therapy protocols.

The Fund organized a workshop on work-life balance in September 2019. The workshop aimed at raising awareness on the importance of achieving an optimal balance between professional and personal life, and to help them map out how they allocate quality time for family, career, mind, body, and soul.

The Fund organized a workshop on eating habits for a healthy life in October 2019. To raise the participants' awareness on workplace fitness and wellness and how to build healthy eating habits.

Social Responsibility Initiatives

Community Support :

Blood Donation: The Fund organized a blood donation campaign for the benefit of Al-Hussein Cancer Center in March 2019.

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.

Training of university students: The Fund provides an opportunity for university students to be trained for free 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. The number of trainees in the Fund reached 7 students during 2019.

The National Employment Charter / "Khedmet Watan" program: Based on the launched of the National Employment Charter and "Khedmet Watan" program by the governments, which aims to empower young people and strengthen their capabilities according to labor market needs. The Fund has directed a group of hotels owned by SSC to participate in the National Employment Charter. These hotels have signed an agreement with the Ministry of Labor to participate in the implementation of "Khedmet Watan" program.

Investment Policy

Investment Philosophy:

The SSIF investment philosophy is based on 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: strategic risks, market risk, liquidity, credit, corporate risk and assets / liabilities management risks, and operational risks.

The Fund also defines risks through self-assessment tests and creating operational losses database.

Jordanian Economic Performance 2019

Executive Summary

In 2019, the national economy witnessed slight improvement in some indictors in comparison to 2018. The real GDP grew by 2% compared to 1.9% for 2018 and the inflation rate was 0.3% compared to 4.5%. However, the unemployment rate during 2019 increased by 0.5% to reach 19.1% compared to 18.6% in 2018.

The slight improvement in economic growth was driven mainly by external demand. The balance-of-payments data of the national economy indicating a 12.7% decline in the trade deficit and an 18% improvement of the balance of services surplus for 2019 compared to 2018 respectively. This came as a result of a 7.4% rise in exports and a 4.1% drop in imports. While the improvement of the balance of services surplus resulted mainly due to the rise of tourism income by 10.2% for 2019.

The abovementioned developments in 2019 have led to an improvement in the Jordanian current account balance as the deficit declined by 59% in 2019 compared to 2018. This contributed to the increase of foreign reserves held by the central bank of Jordan. These reserves reached US$ 12.2 billion end of 2019 compared to US$ 11.5 billion end of 2018. As a result, months of imports coverage has risen up to about 8 months in 2019.

The public sector performance as measured by the performance of the central government's budget has deteriorated in 2019. The budget deficit (including grants) reached JD 1,058 million in 2019 compared to JD 728 million in 2018. That is an increase of 45%. This came as result of domestic revenue increase by 0.3% an increase of total government expenditure by 2.9%, and foreign grant drop by 12.

All of the above have contributed to rise in total public debt by about 6% in 2019 compared to the end of 2018. Therefore, the total debt to GDP ratio amounted to 95.2% at the end of 2019, compared to 92.9% at the end of 2018.

On the other hand, despite the slight improvement in the economy, the performance of Amman Stock Exchange in 2019 was weaker than 2018. Trading volume declined by JD 700 million in 2019 to reach JD 1.6 billion compared to JD 2.3 billion in 2018. Furthermore, the weighted stock price index fell by 4.9% in 2019 to reach 1815 points compared to 1908 points in 2018. The market value of stocks amounted to JD 14.9 billion in 2019, down by 7.5% against 2018.

Finally, the Central Bank of Jordan continued its expansionary monetary policy to further stimulate the economy. The policy rate was reduced three times during 2019 to reach 4.00% end of year compared to 4.75% end of 2018.

SSIF Financial Performance 2019

SSIF Financial Performance 2019

Summary of SSIF Financial Performance 2019:

A) Assets Growth: The Fund's total assets[1] amounted to about JD 10,997 million as of 31/12/2019 compared to 10,190.7 million as of 31/12/2018; i.e, an increase of JD 806.3 million, representing 7.9%.

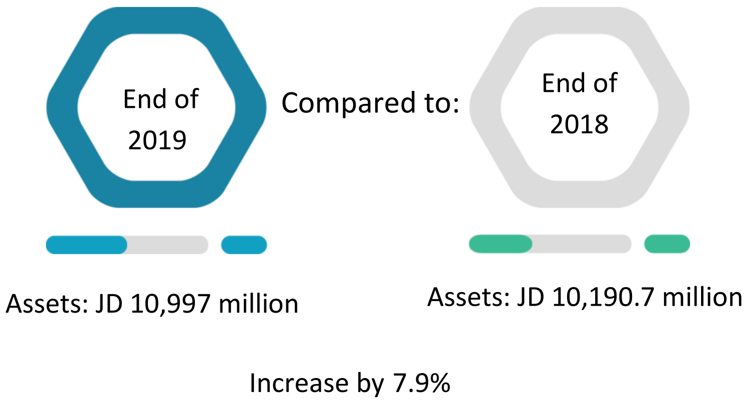
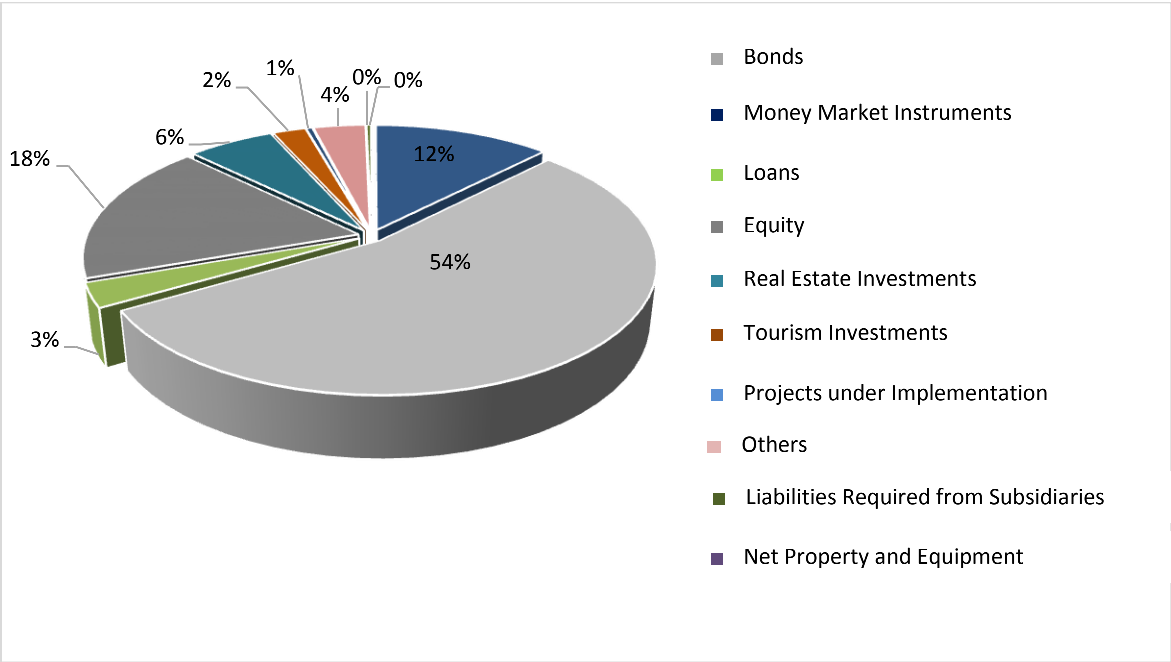


Table (1): Assets Allocation as of 31/12/2019

Assets	JD Million	Percentage
Money Market Instruments	1,353.2	12.3%
Bonds	5,970.0	54.3%
Loans	330.9	3.0%
Equity	1,950.3	17.7%
Real Estate Investments	659.0	6.0%
Tourism Investments	252.7	2.3%
Projects under Implementation	45.4	0.4%
Other Assets	398.0	3.6%
Liabilities Required from Subsidiaries	31.6	0.3%
Net Property and Equipment	5.9	0.1%
Total assets	**10,997.0**	**100%**

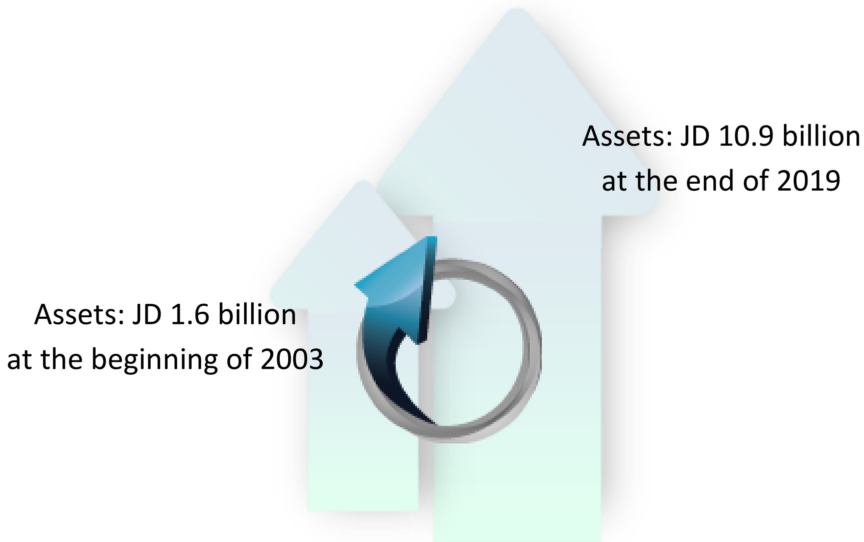
(1) This part of the financial analysis is based on the standalone financial statement of the Fund and therefore it doesn't reflect the effect of consolidation with the financial statements of hotels, rest houses and SSIF subsidiary companies.

Assets Allocation as of 31/12/2019

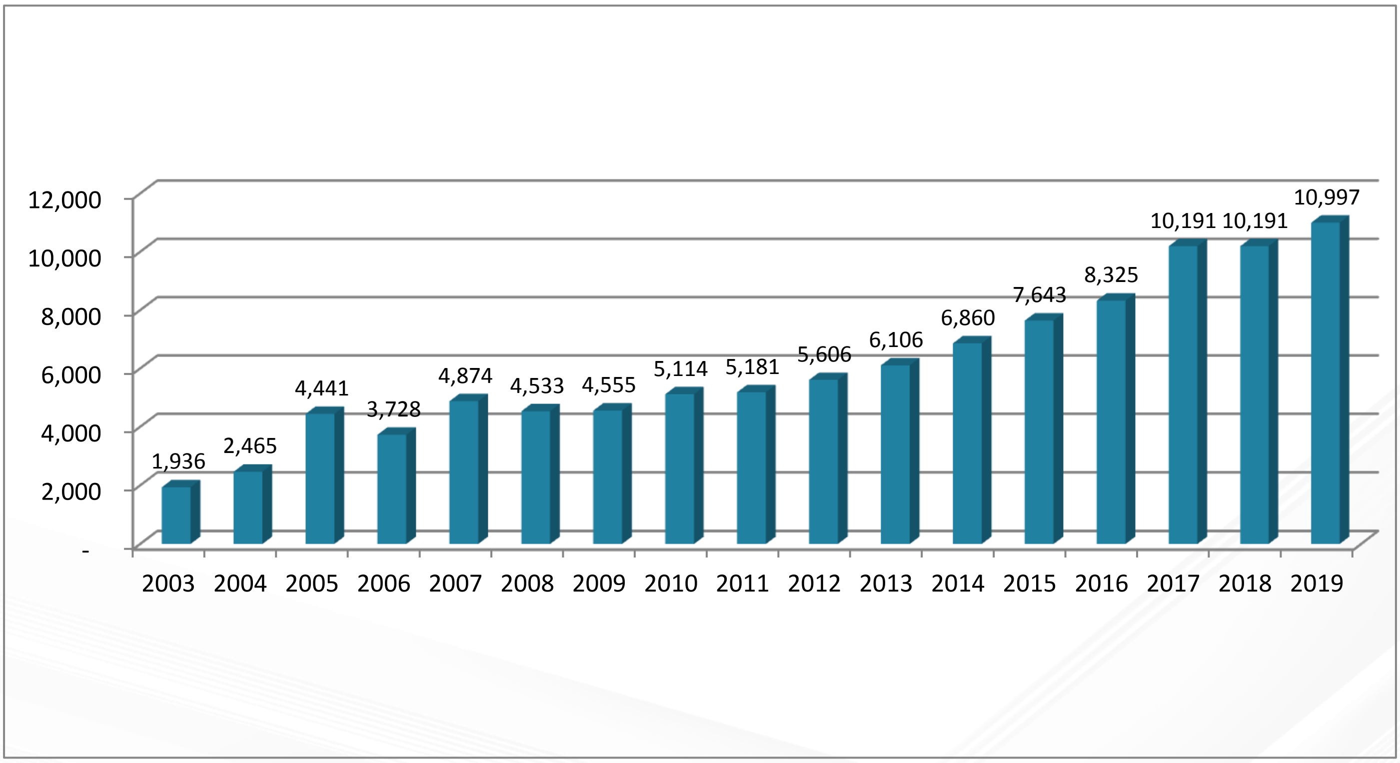


Assets Growth (2003 - 2019)

Since its establishment in 2003, SSIF assets grew from JD 1.6 billion to reach JD 10.9 billion as of 31/12/2019. This increase came from two components; investment return and Social Security members' contributions.



SSIF Asset Growth (2003 - 2019)

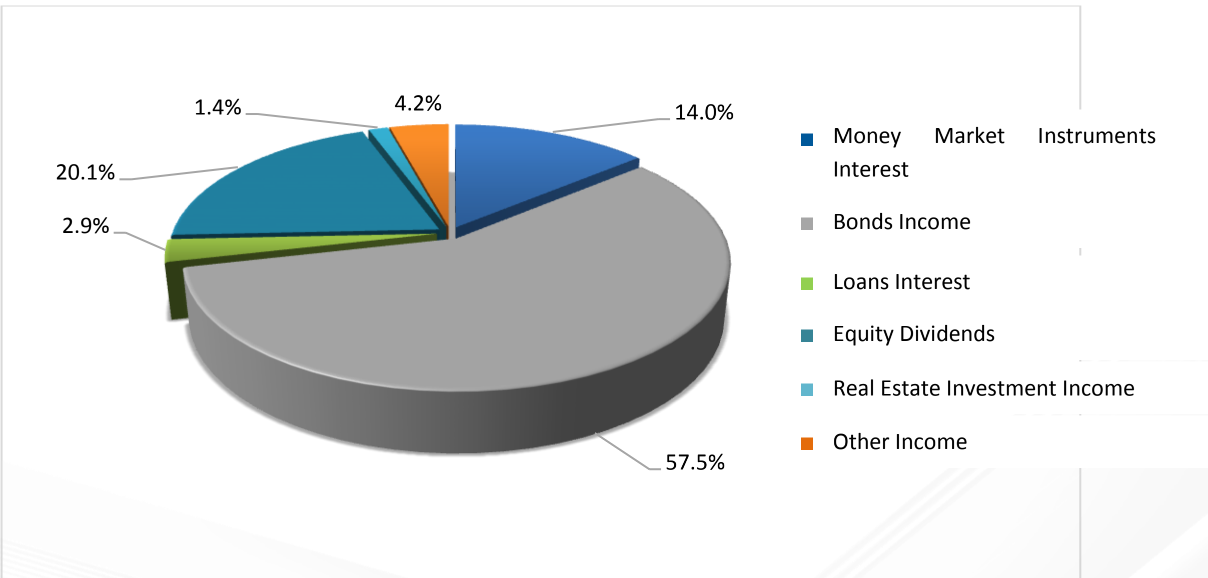


B) Investment Returns: The Fund achieved a net income of JD 556.2 million as of 31/12/2019 compared to JD 433.6 million as of 31/12/2018; i.e, an increase of JD 122.6 million or 28.3%.

Table (2) :Income as of 31/12/2019

Item	JD Million	Percentage
Money Market Instruments Interest	78.3	14.0%
Bonds Income	322.2	57.5%
Loans Interest	16.1	2.9%
Equity Dividends	112.7	20.1%
Real Estate Investment Income	7.7	1.4%
Other Income	23.7	4.2%
Total	560.6	100%
Administrative and Investment Expenses	4.4	0.8%
Net Income	**556.2**	

Income Distribution as of 31/12/2019



Investment Portfolios:

The total assets of the Fund are allocated among six main portfolios as set by the general investment policy:

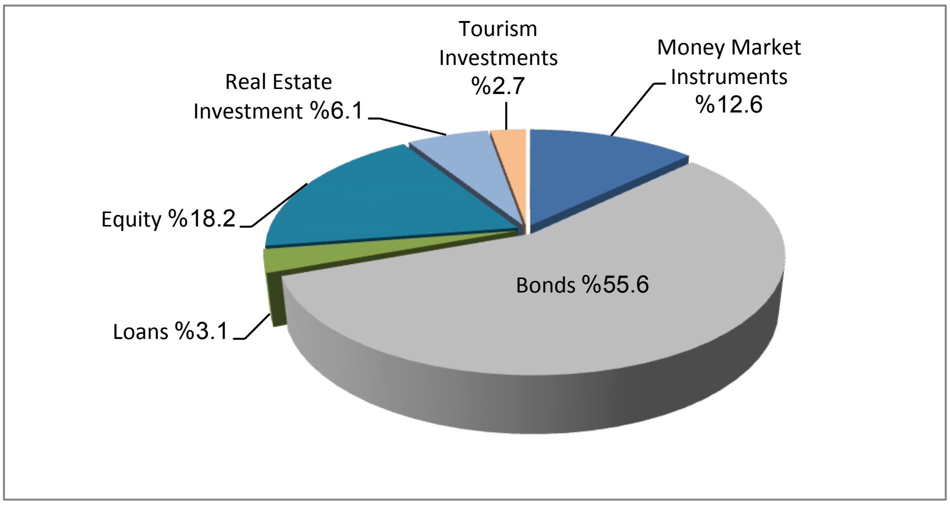
1. Money Market Instruments
2. Bonds
3. Loans
4. Equity
5. Real Estate Investments
6. Tourism Investments

Table (3): Comparative Asset Allocation as of 31/12/2019*

	31/12/2018		31/12/2019		Change from the start of the year(JD Million)	
Item	**JD Million**	**%**	**JD Million**	**%**	**JD Million**	**%**
Money Market Instruments Portfolio	1,374.70	14.00%	1,353.20	12.60%	-21.5	-2%
Bonds Portfolio	5,135.40	52.20%	5,970.00	55.60%	834.6	16%
Loans Portfolio	252.8	2.60%	330.9	3.10%	78.1	31%
Equity Portfolio	2,053.40	20.90%	1,950.30	18.20%	-103	-5%
Real Estate Investments Portfolio	598.4	6.10%	659	6.10%	60.7	10%
Tourism Investments Portfolio	285.8	2.90%	288.1	2.70%	2.3	1%
Other	490.3		445.4		-44.8	
Total Assets	**10,190.70**		**10,997.00**		**806.2**	**7.9%**

* The relative weights of the investment portfolio were allocated 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.

SSIF Asset Allocations as of 31/12/2019



1 Money Market Instruments:

The portfolio amounted to JD 1,353.2 million as of 31/12/2019, representing 12.6% of the Fund's total assets compared to JD 1374.7 million as of 31/12/2018; i.e, a decline of JD 21.5 million -6.1%.

Table (4): Money Market Instruments Allocation as of 31/12/2019

Item	JD Million	Percentage
Current Accounts	0.2	0.0%
Time Deposits	1,353.1	100.0%
Total	**1,353.2**	**100%**

2 Bonds:

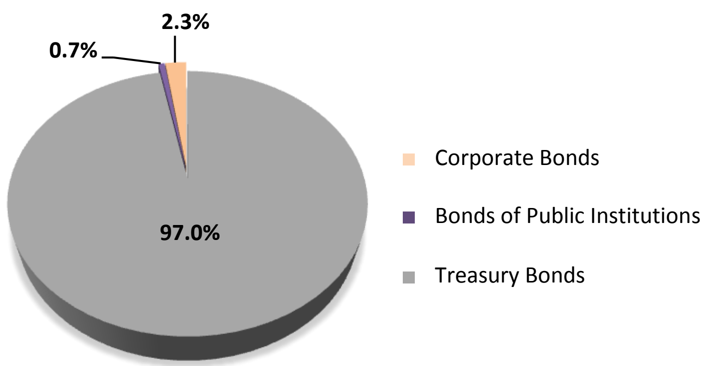
The portfolio amounted to around JD 5,970 million as of 31/12/2019, representing 55.6% of the Fund's total assets compared to JD 5,135.4 million as of 31/12/2018; an increase of JD 834.6 million or 16.3%.

Table (5): Bonds Allocation as of 31/12/2019

(a)

Item	JD Million	Percentage
Treasury Bonds	5,793.4	97.0%
Public Institutions Bonds	40.6	0.7%
Corporate Bonds	135.9	2.3%
Total	**5,970.0**	**100%**

(b)



3 Loans:

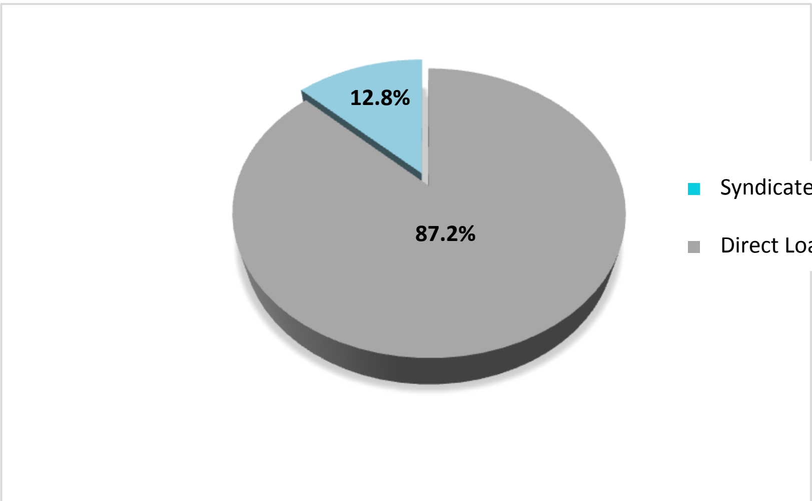
The portfolio amounted to around JD 330.9 million as of 31/12/2019, representing 3% of the total Fund's assets compared to JD 252.8 million as of 31/12/2018; an increase of JD 78.1 million or 30.9%.

Table (6): Loans Portfolio Allocation as of 31/12/2019

(a)

Item	JD Million	Percentage
Direct Loans	288.6	87.2%
Syndicated Loans	42.3	12.8%
Total	**330.9**	**100%**

(b)



4 Equity Portfolio:

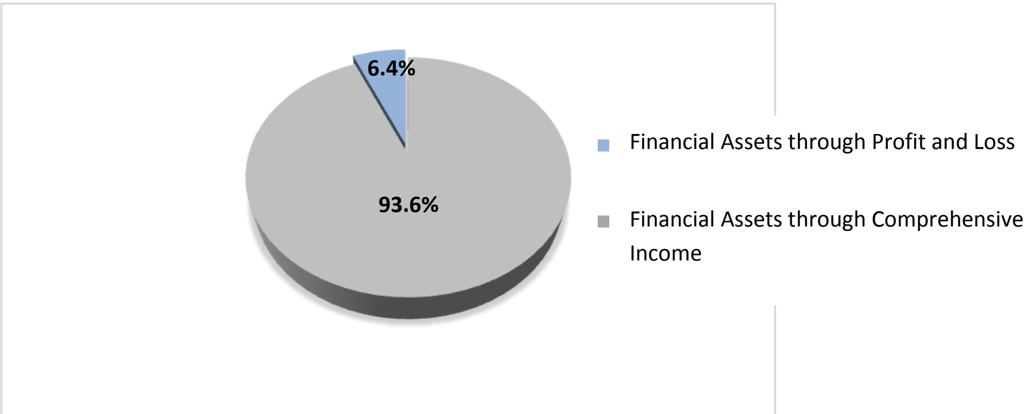
The portfolio amounted to around JD 1,950.3 million as of 31/12/2019, representing 18.2% of the Fund's total assets compared to around JD 2,053.4 million as of 31/12/2018, a decline of JD 103 million or - 5%.

Table (7): Accounting Classification of the Equity's Portfolio as of 31/12/2019

(a)

Item	JD Million	Percentage
Financial Assets through Comprehensive Income	1,825.6	93.6%
Financial Assets through Profit and Loss	124.7	6.4%
Total	**1,950.3**	**100%**

(b)



4 Equity Portfolio, continued:

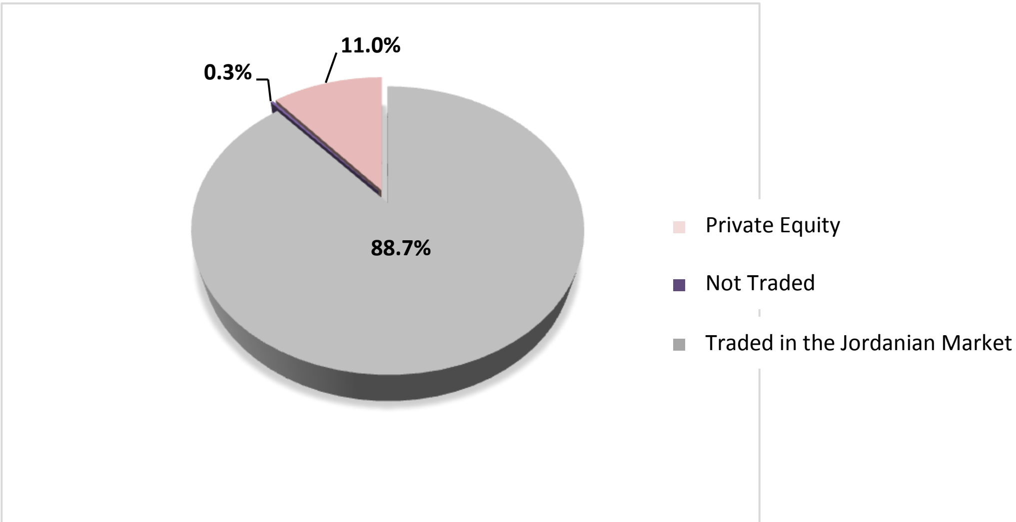
- **Strategic Equity Portfolio through Comprehensive Income:** The portfolio's components that include the subsidiaries and investment funds amounted to around JD 1,825.6 million as of 31/12/2019, representing 17% of the Fund's total assets, compared to around JD 1,926.9 million as of 31/12/2018, a decline of JD 101 million or – 5.3%.

Table (8): Accounting Classification of the Strategic Equity Portfolio through Comprehensive Income as of 31/12/2019

(a)

Item	JD Million	Percentage
Traded in the Jordanian Market	1,715.1	88.7%
Not Traded	5.1	0.3%
Private Equity	213.7	11.0%
Total	**1,933.9**	**100%**

(b)



- **Equity Portfolio at Fair Value through Profit and Losses:** The portfolio's market value in Amman Stock Exchange amounted to JD 124.7 million as of 31/12/2019, representing 1.2% of the Fund's total portfolio, compared to around JD 126.4 million as of 31/12/2018, a decline of JD 1.7 million or -1.3%.
-

5 Real Estate Investments:

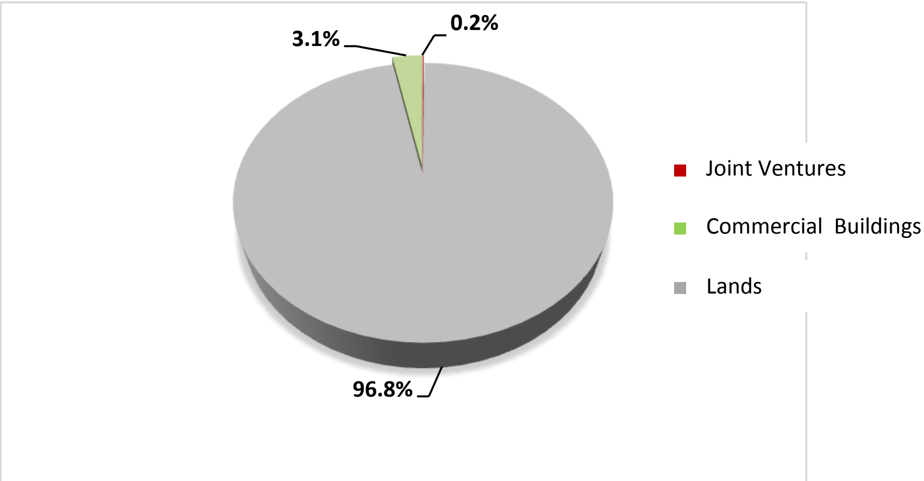
The portfolio amounted to around JD 659 million as of 31/12/2019, representing 6% of the Fund's total assets compared to around JD 598.4 million as of 31/12/2018, an increase of JD 60.7 million or 10.1%.

Table (9): Real Estate Investments Allocation as of 31/12/2019

(a)

Item	JD Million	Percentage
Joint Ventures	1.0	0.2%
Lands	637.8	96.8%
Commercial Buildings	20.2	3.1%
Total	**659.0**	**100%**

(b)



6 Tourism Portfolio:

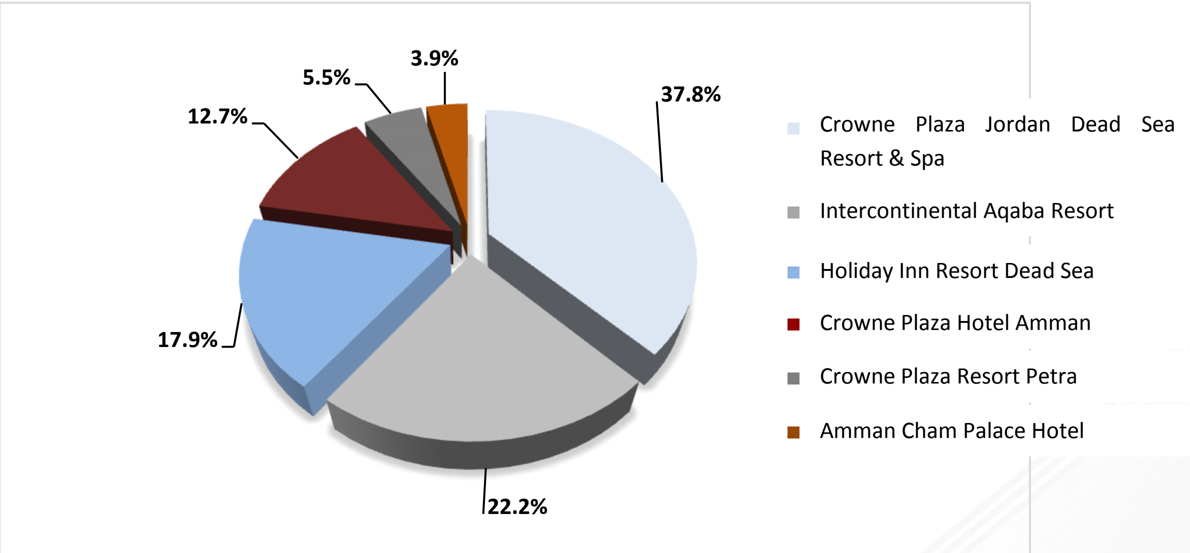
The portfolio amounted to around JD 288.1 million as of 31/12/2019, representing 2.7% of the Fund's total assets compared to JD 285.8 million as of 31/12/2018, an increase of JD 2.3 million or 0.8%. This portfolio includes projects under implementation that amounted to JD 35.4 million.

Table (10): Tourism Portfolio Allocation as of 31/12/2019

(a)

Item	JD Million	Percentage
Crowne Plaza Jordan Dead Sea Resort & Spa	95.5	37.8%
Intercontinental Aqaba Resort	56.2	22.2%
Holiday Inn Resort Dead Sea	45.2	17.9%
Crowne Plaza Hotel Amman	32.2	12.7%
Crowne Plaza Resort Petra	13.9	5.5%
Amman Cham Palace Hotel	9.8	3.9%
Total	**252.7**	**100%**

(b)



SSIF Standalone Financial Statements as at 31/12/2019

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INDEPENDENT AUDITOR'S REPORT

TO THE CHAIRMAN AND THE MEMBERS OF INVESTMENT BOARD

Amman- Jordan

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Social Security Investment Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2019, and the statement of revenues and expenses, statement of comprehensive income, statement of changes in Social Security Corporation equity and 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 financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2019, 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 *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 a matter

We draw attention to note (2-1) to the financial statements, these financial statements represent the separate financial statements of the Fund; accordingly, the financial statements of the subsidiaries were not consolidated. The Fund prepared and issued consolidated financial statements as at 31 December 2019 in accordance with International Financial Reporting Standard.

Building a better
working world

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

Management is responsible for the preparation and fair presentation of the 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 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 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 financial statement.

Ernst & Young

Amman – Jordan
6 September 2020

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2019	2018
Assets			
Bank balances	4	276	482
Deposits at banks and financial institutions	5	1,386,759	1,374,441
Financial assets at fair value through profit or loss	6	124,711	126,361
Loans and granted debts	7	330,875	252,803
Financial asset at fair value through other comprehensive income	8	1,274,502	1,386,501
Investments in subsidiaries	9	316,018	311,916
Investments in associates	10	235,101	228,590
Financial assets at amortized cost	11	6,189,578	5,482,067
Due from related parties	25	31,560	31,640
Investments properties	12	657,992	596,353
Investments in joint operations	13	1,050	2,032
Investments in hotels	14	252,720	251,299
Property and equipment	15	5,812	5,869
Other assets	16	189,997	140,368
Total assets		10,996,951	10,190,722
Liabilities and Social Security Corporation Equity			
Liabilities -			
Other liabilities	17	4,328	3,000
Income tax provision	26	769	468
Total liabilities		5,097	3,468
Social Security Corporation Equity -			
Social Security Corporation current account		6,336,047	5,821,462
Social Security Corporation current account – Unemployment Fund	18	256,611	351,901
Fair value reserve	27	201,834	354,028
Accumulated surplus of revenues over expenses		4,197,362	3,659,863
Total Social Security Corporation Equity		10,991,854	10,187,254
Total liabilities and Social Security Corporation Equity		10,996,951	10,190,722

The attached notes from 1 to 34 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 2019
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2019	2018
Revenues -			
Interest income	19	437,390	354,330
Losses of financial assets at fair value through profit or loss, net	20	(2,008)	(13,396)
Gains on investment properties, net	21	8,297	2,147
Dividends distribution	22	114,696	100,973
Reversal of (provision for) expected credit losses		107	(8,461)
Other revenues, net		2,093	1,897
		560,575	437,490
Expenses -			
General and administrative expenses	23	(3,761)	(3,579)
Surplus of revenues over expenses for the year before income tax		556,814	433,911
Income tax expense	26	(637)	(337)
Surplus of revenues over expenses for the year		556,177	433,574

The attached notes from 1 to 34 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 2019
(IN THOUSANDS OF JORDANIAN DINARS)

	2019	2018
Surplus of revenues over expenses for the year	556,177	433,574
Add: other comprehensive income items not to be reclassified to revenues and expenses in subsequent periods		
Change in financial assets at fair value through other comprehensive income	(152,191)	(8,886)
Total comprehensive income for the year	403,986	424,688

The attached notes from 1 to 34 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 2019
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	Social Security Corporation current account	Social Security Corporation current account – unemployment fund	Fair value reserve, net	Accumulated surplus of revenues over expenses	Total
For the year ended 31 December 2019						
Balance as at 1 January 2019		5,821,462	351,901	354,028	3,659,863	10,187,254
Total comprehensive income for the year		-	-	(152,191)	556,177	403,986
Realized gains from sale of financial assets at fair value through other comprehensive income		-	-	(3)	3	-
Cash transferred during the year, net		514,585	(113,971)	-	-	400,614
Unemployment Fund's share of the Investment Fund's returns	18	-	18,681	-	(18,681)	-
Balance as at 31 December 2019		6,336,047	256,611	201,834	4,197,362	10,991,854
For the year ended 31 December 2018						
Balance as at 1 January 2018		5,292,877	293,029	362,812	3,285,229	9,233,947
Impact of IFRS (9) implementation		-	-	-	(43,969)	(43,969)
Balances as at 1 January 2018 (adjusted)		5,292,877	293,029	362,812	3,241,260	9,189,978
Total comprehensive income for the year		-	-	(8,886)	433,574	424,688
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 Fund's share of the Investment Fund's returns	18	-	14,869	-	(14,869)	-
Balance as at 31 December 2018		5,821,462	351,901	354,028	3,659,863	10,187,254

The attached notes from 1 to 34 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 2019
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2019	2018
Operating activities			
Surplus of revenues over expenses for the year before income tax		556,814	433,911
Adjustments-			
Depreciation	15	215	96
Losses from revaluation of financial assets at fair value through profit or loss	20	2,071	13,405
Realized gains on sale of financial assets at fair value through profit or loss	20	(67)	(26)
Losses (gains) on sale of property and equipment		3	(6)
Provision for expected credit losses		4,604	8,461
Recovered from provision for expected credit losses		(4,711)	(1,039)
Losses (gains) on investment property valuation at fair value	21	7,539	(699)
Recovered lands – lawsuits	21	(13,163)	-
Working capital changes:			
Deposits at banks and financial institutions with maturity of more than 3 months		(313,804)	(593,101)
Financial assets at fair value through profit or loss		(354)	(3,970)
Other assets		(47,677)	(17,188)
Due from related parties		117	3,127
Other liabilities		1,328	(523)
Income tax paid	26	(336)	(311)
Net cash flows from (used in) operating activities		192,579	(157,863)
Investing activities			
Loans and granted debts		(73,398)	(44,535)
Financial assets at fair value through other comprehensive income		(52,187)	18
Financial assets at amortized cost		(709,832)	(525,237)
Investments in subsidiaries		1,382	(400)
Investments properties	12	(57,490)	(16,787)
Purchase of property and equipment	15	(161)	(78)
Proceeds from sale of property and equipment		-	6
Investments in hotels		(1,421)	(1,035)
Investments in joint operations		(116)	(31)
Net cash flows used in investing activities		(893,223)	(588,079)
Financing activities			
Net of amounts transferred from the Social Security Corporation		400,614	572,656
Net cash flows from financing activities		400,614	572,656
Net decrease in cash and cash equivalents		(300,030)	(173,286)
Cash and cash equivalents at 1 January		462,066	635,352
Cash and cash equivalents at 31 December	24	162,036	462,066

The attached notes from 1 to 34 represent part of these separate financial statements

(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 2019 have been approved by the Board of Investment on its meeting held on 29 June 2020

(2-1) BASIS OF PREPARATION

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

The financial statements represent the separate financial statements of the Fund; accordingly, the financial statements of the subsidiaries were not consolidated. The Fund prepared and issued its consolidated financial statements as at 31 December 2019 in accordance with International Financial Reporting Standard.

The financial statements have been prepared under the historical cost convention, expect for the financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investments properties and investments in subsidiaries and associates which have been presented at fair value at the date of these financial statements.

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

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the separate financial statements are consistent with those adopted for the year ended 31 December 2018, except for the adoption of new standards and amendments effective as of 1 January 2019:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Fund is the lessor.

The Fund adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Fund elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Fund also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’).

The standard did not have an impact on the Fund's separate financial statements.

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 determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The interpretation did not have an impact on the Fund’s separate financial statements.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortized 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.

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 recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized 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.

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 recognized 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 recognized in other comprehensive income.

The amendments had no impact on the Fund's separate financial statements.

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, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

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

(2-3) SIGNIFICANT ACCOUNTING POLICIES

The main adopted accounting policies are as follows:

Financial assets at amortized cost

Financial assets at amortized cost are financial assets that the Fund's management aims, according to its business model, to hold to collect their contractual cash flows which represents the principal amount and the interest on the outstanding principal amount.

Financial assets 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 fro financial assets at amortization cost is recognized through reaching the probability of defult and loss rates of assuming default. The Fund relies on numerous main economic indicators in buliding a number of assumptions, most importantly GDF growth indicators, the financial market index and debt indecators, in addition to the classification issued by credit rating institutions based on statistical data of global default rates for such classification.

Financial assets at fair value through profit or loss

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

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

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

Financial assets at fair value through other comprehensive income

These assets represent investments in equity instruments which are intended to be held by the Fund over the long-term.

These assets are initially measured at their fair value plus transaction costs. Subsequently, they are revaluated at fair value. Gains or losses arising on the subsequent revaluation of these equity investments, including the change in fair value arising from non-monetary assets denominated in foreign currencies, are recognized in the separate statement of changes in Social Security Corporation equity. When these assets or portion of these assets are sold, the gains or losses arising are recorded in the separate statement of comprehensive income and in the separate statement of changes in Social Security Corporation equity. The fair value reserve balance for those sold assets,is directly transferred to the accumulated 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 separate 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 decisions of the investee without having control over it. Considerations used to determine control or joint control is similar to those used to determine control over a subsidiary. Investments 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 results arising from an investment in a subsidiary or have rights to such returns 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 depreciation of the hotels' assets 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 probability of defult and loss rates assuming default. 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 based on statistical data of global default rates for such classification.

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 profit or loss, 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.

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, maximizing the use of relevant observable inputs and minimizing 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 categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment in value. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the separate statement of revenues and expenses. Depreciation is calculated using the straight-line method (except for lands), when the assets become ready to use. Depreciation rates used are as follows:

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

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

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off.

Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the separate statement of revenues and expenses as incurred.

An item of property and equipment is derecognized upon disposal or when no economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the separate statement of revenues and expenses in the year the asset is derecognized.

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 recognized in the separate statement of revenues and expenses.

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. Investment properties are valued at the date of purchase using the cost of purchase.

Revenues and expenses 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.

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

Recognition of financial assets

Purchase and sale of financial assets is recognized 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 recognized in the separate 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 recognized 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 separate 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. (38) of year 2018.

- Income tax expense represents accrued tax and deferred tax.

- Income tax expenses are accounted for based on taxable income. Taxable income differs from income disclosed in the separate financial statements as the disclosed 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 based on the 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 foreign investments and revenues from leased properties.

- 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 separate statement of revenues and expenses.

Exchange differences for non-monetary assets and liabilities denominated in foreign currencies (such as the financial assets at fair value through profit or loss) 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 separate statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(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 estimates required. Such estimates are based on necessary assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such estimates.

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

Key assumptions relating to the future 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 out of the Fund's control. The Fund reflects these changes to assumptions once they occur.

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 accredited real estate evaluators which are used 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.
- Provisions recognized for lawsuits raised against the Fund are based on legal studies 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 revenues and expenses.
- Fair value levels:

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

- Provision for expected credit losses:

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

The Fund determined the value of the provision for impairment of financial assets in accordance with the International Financial Reporting Standards (IFRS).

The Fund's policy is to determine common elements on which credit risk and expected credit losses are measured on a collective or an individual basis.

Methodology 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- The Fund had 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.

- **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 in linked to changing macroeconomic factors. 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 based on 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 which include current bank accounts and bank deposits, deposits against pledged bonds and swap contracts.
- Bonds which include Jordanian treasury bonds, government bonds denominated in US dollars, public institution bonds and private companies' bonds and debts.
- Loans including direct loans, syndicated loans and other loans.
- Due from subsidiaries

- **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 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.

(IN THOUSANDS OF JORDANIAN DINARS)

(4) BANK BALANCES

This item consists of the following:

	2019	2018
Current accounts on demand *	276	482
	276	482

* This item includes the amount of JD 94 thousand as current accounts related to the Unemployment Fund as at 31 December 2019 (31 December 2018: JD 204 thousand).

- As at 31 December 2019 and 2018, current accounts do not include any balance with foreign banks and financial institutions.

- There were no restricted balances as at 31 December 2019 and 2018.

(5) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	2019	2018
Deposits maturing within 3 months or less	161,760	461,584
Deposits maturing within 3 to 6 months	680,448	576,866
Deposits maturing within 6 to 12 months	553,899	343,677
	1,396,107	1,382,127
Less: provision for expected credit losses*	(9,348)	(7,686)
	1,386,759	1,374,441

- Interest rates on deposits in Jordanian Dinar range between 2% to 6.5% for the year ended 31 December 2019 and from 2.75% to 6.25% for the year ended at 31 December 2018.
- There are no balances with foreign banks and financial institutions and there are no restricted balances as at 31 December 2019 and 2018.
- Deposits include an amount of JD 174 Million which represents deposits against the mortgage of government bonds for the benefit of the Fund held at Societe Generale Bank Jordan.

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

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	7,686	-	-	7,686	4,932
Provision for the year	1,662	-	-	1,662	2,754
Balance as at 31 December	9,348	-	-	9,348	7,686

(IN THOUSANDS OF JORDANIAN DINARS)

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

This item consists of the following:

	2019	2018
Quoted shares:		
Local	116,540	117,703
Foreign	8,171	8,658
	124,711	126,361

(7) LOANS AND GRANTED DEBTS

This item consists of the following:

	2019	2018
Direct loans	302,186	224,415
Syndicated loans	47,552	51,925
	349,738	276,340
Less: provision for expected credit losses*	(18,863)	(23,537)
	330,875	252,803

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

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	21,377	-	2,160	23,537	23,547
Provision for the year (direct loans)	-	-	-	-	203
Recovered from provision during the year (direct loans)	(4,265)	-	-	(4,265)	-
Recovered from provision during the year (syndicated loans)	(409)	-	-	(409)	(213)
Balance as at 31 December	16,703	-	2,160	18,863	23,537

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	302,186	1 – 8.37	31 December 2040	Governmental, real estates, legal
Syndicated loans	47,552	5.21 – 9	30 October 2025	Governmental, real estates, legal
	349,738			

Non-performing loans and debts amounted to JD 2,160 thousand representing 0.62% of loans and granted debts as at 31 December 2019 compared of JD 2,160 thousand representing 0.78% of loans and granted debts at 31 December 2018. A provision was provided for those amounts in full.

(IN THOUSANDS OF JORDANIAN DINARS)

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

This item consists of the following:

	2019	2018
Quoted shares in local financial markets*	1,215,489	1,325,911
Non-quoted shares in local financial markets	50,728	50,544
Other financial assets:		
Investments in mutual funds (in USD)	8,285	10,046
	1,274,502	1,386,501

*** Quoted financial assets at fair value though other comprehensive income distributed according to sectors as follows:**

	Rate	2019	Rate	2018
	%		%	
Banking sector	78.8	957,901	82.7	1,096,424
Manufacturing sector	18.1	219,880	13.7	181,916
Services sector	2.8	34,237	3.3	44,044
Insurance sector	0.3	3,471	0.3	3,527
		1,215,489		1,325,911

(IN THOUSANDS OF JORDANIAN DINARS)

(9) INVESTMENTS IN SUBSIDIARIES

This item consists the following:

Company name	Capital's number of shares	Number of shares owned by the Fund	Ownership percentage	Nature of Business	2019	2018
			%			
Listed in Amman Stock Exchange*						
Jordanian Duty Free Shops	22,500,000	12,711,006	56.5	Duty free	146,049	165,243
Al Daman for Investment Company	10,000,000	6,140,000	61.4	Investment	6,140	6,140
Jordan Press Foundation (Al-Rai)	10,000,000	5,492,000	54.9	Press and publishing	1,318	1,538
					153,507	172,921
Non-listed *						
Kingdom Electricity Company**	50,000	35,000	70	Energy Investment	72,778	-
Al Daman for Zone Development	40,000,000	40,000,000	100	Investment	47,305	33,457
National Company for Touristic Development	2,050,000	2,050,000	100	Tourism services	35,890	33,549
United Traveling Center	4,654,339	4,654,339	100	Rental services	3,141	3,103
Rama for Investment and Saving	560,000	560,000	100	Investment	2,709	2,480
Al Daman for Finance Leasing***	500,000	100,000	100	Finance leasing	501	490
Al Daman for Hotel Transport Services	100,000	100,000	100	Tourism services	112	100
Jordan Daman Company for International Business	100,000	100,000	100	Investment	75	84
Daman for Energy Investment**	-	-	-	Energy Investments	-	65,732
					162,511	138,995
					316,018	311,916

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

** The Board of Directors of Daman for Energy Investment decided in its meeting number 2/2019 held on 17 February 2019 to liquidate the Company voluntarily. The General assembly approved in its meeting held on 21 April 2019 the liquidation of the Company, and thus all of the Company's assets (which mainly comprise of the shares of Kingdom Electricity Company and current accounts) to the Social Security Investments Fund, which made Kingdom Electricity Company directly a subsidiary to the Fund.

*** The General Assembly for Al Daman for Finance Leasing approved in its extraordinary 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, the Fund's share in Al Daman for Finance Leasing became JD 500 thousand.

(IN THOUSANDS OF JORDANIAN DINARS)

(10) INVESTMENTS IN ASSOCIATES

This item consists the following:

Company Name	Capital's number of shares	Number of shares owned by the Fund	Ownership percentage	Nature of Business	2019	2018
			%			
Listed in Amman Stock Exchange*:						
Jordan Telecommunication	187,500,000	54,150,000	28.9	Telecommunication	77,976	75,269
Jordan Petroleum Refinery	100,000,000	20,140,624	20.1	Petrochemical	65,054	45,719
Jordan Kuwait Bank	100,000,000	21,041,644	21	Banking services	52,815	61,021
Jordan Electricity Company	86,080,154	18,476,784	21.5	Energy	22,542	21,987
Jordan Worsted Mills Factories	15,000,000	3,000,000	20	Textiles	4,223	9,000
Jordan Cement Factories	60,444,460	13,197,226	21.8	Construction	6,900	8,182
					229,510	221,178
Non-listed*:						
Al Salam Industrial Investment and Development Company**	1,400,000	700,000	50	Investment	-	-
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	5,591	7,412
					5,591	7,412
					235,101	228,590

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

** These investments are recorded at JD 1 and are under liquidation.

(In Thousands of Jordanian Dinars)

(11) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	Average interest rates %	2019	2018
A- Government and public institution bonds			
Treasury bonds*	3.18 – 7.99	6,013,009	5,290,441
Public institutions bonds	3.97 – 6.48	40,620	73,202
		6,053,629	5,363,643
B- Bonds, debts and other securities			
Private companies' bonds and debts	3.6 – 10.92	151,775	131,929
Less: provision for expected credit losses**		(15,826)	(13,505)
		135,949	118,424
		6,189,578	5,482,067

Financial assets at amortized costs maturity dates range from one month to 15 years.

* This item includes an amount of JD 219,597 thousand as at 31 December 2019 which represents bonds related to the Unemployment Fund (31 December 2018: JD 346,643 thousand).

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

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	13,505	-	-	13,505	9,395
Provision for the year	2,321	-	-	2,321	4,110
Balance as at 31 December	15,826	-	-	15,826	13,505

(12) INVESTMENT PROPERTIES

This item consists of the following:

	2019	2018
Investment lands	637,755	582,048
Investment buildings	20,237	14,305
	657,992	596,353

(In Thousands of Jordanian Dinars)

Movements on investment properties during the year were as follows:

	2019	2018
Balance as at 1 January	596,353	579,118
Purchase of investment properties	57,490	16,787
Transferred to Social Security Corporation	-	(68)
Transferred to property and equipment (note 15)	-	(854)
Transferred from Investments in Joint Operations*	1,098	-
Recovered Lands – Lawsuits (note 21)**	13,163	-
(Losses) gains on valuation of investment properties at fair value (note 21)	(7,539)	699
Transferred (to) from projects under construction***	(2,573)	671
Balance as at 31 December	657,992	596,353

* During 2019, lands from investments in joint operations were transferred to investment property after they were sorted, and their ownership was transferred to the Fund. The lands were re-evaluated by real estate experts and were recorded at fair value.

** During 2019, lawsuits were settled in favor of the Fund. These lands represent recovered lands that the Fund had lost, in legal cases in prior years.

*** During 2019, lands in investment properties were transferred to projects under construction to be used to set up power plants that use solar energy.

(13) INVESTMENTS IN JOINT OPERATIONS

Investments in joint operations are stated at cost as at 31 December 2019 and 2018, the details of the operations were as follows:

	2019	2018
Al-Zaytuna project (1)*	27	1,035
Al-Zaytuna project (2)**	1,023	997
	1,050	2,032

* During 2019, most of the project's lands were transferred to investment properties, after they were sorted, and their ownership was transferred to the Fund.

** It is expected that during 2020, the project's lands will be transferred to investments properties.

(In Thousands of Jordanian Dinars)

(14) INVESTMENTS IN HOTELS

This item consists of the following:

	2019	2018
Crown Plaza Resort - Dead sea	95,488	94,933
Intercontinental Resort - Aqaba	56,211	55,737
Holiday Inn Resort - Dead sea	45,153	45,153
Crown Plaza Hotel - Amman	32,189	31,838
Crown Plaza Resort - Petra	13,919	13,901
Amman Cham Palace Hotel - Amman	9,760	9,737
	252,720	251,299

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

(In Thousands of Jordanian Dinars)

(15) PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery equipment and furniture	Vehicles	Computers	Computer Software	Total
2019 -							
Cost:							
Balance as at 1 January	3,019	3,150	184	153	300	461	7,267
Additions	-	-	20	21	56	64	161
Disposals	-	-	(20)	(1)	(20)	-	(41)
Balance as at 31 December	3,019	3,150	184	173	336	525	7,387
Accumulated depreciation:							
Balance as at 1 January	-	458	123	143	278	396	1,398
Depreciation for the year	-	148	19	2	15	31	215
Disposal	-	-	(18)	(1)	(19)	-	(38)
Balance as at 31 December	-	606	124	144	274	427	1,575
Net book value as at 31 December 2019	3,019	2,544	60	29	62	98	5,812

- The balance of fully depreciated property and equipment amounted to JD 786 thousand as at 31 December 2019.

(In Thousands of Jordanian Dinars)

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

* During 2018, the new administrative building for the Fund 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.

(In Thousands of Jordanian Dinars)

(16) OTHER ASSETS

This item consists of the following:

	2019	2018
Accrued interest*	138,041	99,807
Project under construction**	45,377	35,578
Receivables and fines of lessees' receivables	4,671	2,612
Housing Fund deposits	2,805	2,945
Advance payments to purchase lands	1,546	1,305
Others	855	798
	193,295	143,045
Less: provision for expected credit losses***	(3,298)	(2,677)
	189,997	140,368

* This item includes an amount of JD 2,687 thousand as of 31 December 2019, which represents accrued interests related to Unemployment Fund (31 December 2018: JD 4,744 thousand).

** This item includes an amount of JD 30,167 thousand which represents the land's value of the touristic beach project. The Fund's management believes that the book value recorded is less than the land's fair value as at 31 December 2019.

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

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	2,677	-	-	2,677	1,283
Provision for the year	621	-	-	621	1,394
Balance as at 31 December	3,298	-	-	3,298	2,677

(17) OTHER LIABILITIES

This item consists of the following:

	2019	2018
Deferred revenues	1,990	1,174
Accounts payable	705	325
Brokers' payable	111	-
Others	1,522	1,501
	4,328	3,000

(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 4 February 2013, the investments related to the Unemployment Fund were separated into a safe portfolio in an independent manner of other insurance funds. Accordingly, amounts related to the Unemployment Fund were transferred from the accounts of the Corporation to a separate account within the Fund's accounts during the year 2013, those amounts were invested in Jordanian treasury bonds based on the decision of the Board of Investment, on 26 June 2013. The Corporation's Board of Directors decided in its meeting held on 25 April 2019 to allow insured individuals to withdraw their accumulated or a portion of their savings balance, for the purposes of enrolling their children in higher education institutions or vocational institutions, or for the purpose of covering medical expenses for the individual or a family member, in accordance with the Board's issued terms and conditions.

Movements on the account during the year were as follows:

	2019	2018
Balance as at 1 January	351,901	293,029
Unemployment Fund's share of amounts transferred (to) from the Corporation	(113,971)	44,003
Unemployed Fund's share of Investment Fund's returns during the year	18,681	14,869
Balance as at 31 December	256,611	351,901

(19) INTEREST INCOME

This item consists of the following:

	2019	2018
Interest of bonds and treasury bills*	340,715	283,015
Interest of balances and deposits at banks and financial institutions*	79,994	58,901
Interest of loans and granted debts	16,681	12,414
	437,390	354,330

* These items include an amount of JD 18,879 thousand as of 31 December 2019 which represents interest income for the benefit of the Unemployed Fund (2018: JD 14,892 thousand)

(20) LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET

This item consists of the following:

	2019	2018
Realized gains	67	26
Unrealized revaluations losses	(2,071)	(13,405)
Commissions of purchases and sales	(4)	(17)
	(2,008)	(13,396)

(In Thousands of Jordanian Dinars)

(21) GAINS ON INVESTMENT PROPERTIES, NET

This item consists of the following:

	2019	2018
Revenues:		
Revenues from leased properties	3,151	1,791
Recovered lands - lawsuits (note 12)	13,163	-
Expenses:		
Management fees, valuation and other expenses	(478)	(343)
Change in fair value:		
(Losses) gains on valuation of investment properties at fair value (note 12)	(7,539)	699
	8,297	2,147

(22) DIVIDENDS DISTRIBUTION

This item consists of the following:

	2019	2018
Dividends from financial assets through other comprehensive income	72,762	64,219
Dividends from associates	17,606	16,740
Dividends from subsidiaries	17,118	13,334
Dividends from financial assets through profit or loss	7,210	6,680
	114,696	100,973

(In Thousands of Jordanian Dinars)

(23) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2019	2018
Salaries and wages	1,963	1,893
Incentives and rewards	489	454
Contribution to Social Security	281	265
Depreciation (note 15)	215	96
Professional fees and legal and technical consultancy	138	153
Insurance	90	20
Electricity, water and fuel	89	89
Investment's Board members' remuneration	89	82
Transportation	57	51
Subscriptions	45	51
Cleaning expenses	43	43
Stationery	32	28
Maintenance and support of software	29	133
Remuneration of Investment Board committee	29	30
Training and courses	24	25
Telephone, mail and internet	18	14
Contribution to Saving Fund	16	14
Advertising and public relations	16	9
General maintenance	10	13
Bank charges	4	3
Daily wages and travel expenses	4	-
Others	80	113
	3,761	3,579

(24) CASH AND CASH EQUIVALENTS

This item consists of the following:

	2019	2018
Current accounts and deposits on demand (note 4)	276	482
Deposits maturing within three months or less (note 5)	161,760	461,584
	162,036	462,066

(In Thousands of Jordanian Dinars)

(25) RELATED PARTIES TRANSACTIONS

Related parties' transactions represent transactions with associate companies, major shareholders, directors and key management personnel and companies of which they are principal owners. 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:

	2019				2018
Statements of separate financial position items	Parent Company	Subsidiaries	Associates	Total	Total
Assets and liabilities:					
Bank balances and deposits-					
Jordan Kuwait Bank (current account)	-	-	2	2	2
Jordan Kuwait Bank (deposits)	-	-	50,663	50,663	51,834
Due from related parties-					
National for Tourism Development*	-	10,192	-	10,192	10,189
Al Daman for Finance Leasing	-	1	-	1	-
Jordanian Daman Company for International Business	-	29,594	-	29,594	29,715
	-	39,787	-	39,787	39,904
Less: provision for expected credit losses**	-	(8,227)	-	(8,227)	(8,264)
	-	31,560	-	31,560	31,640
Loans -					
Social Security Corporation	70,000	-	-	70,000	50,000
Al-Daman for International Investments	-	51,060	-	51,060	51,060
Kingdom Electricity Company	-	33,210	-	33,210	35,164
Daman for Finance Leasing	-	114,562	-	114,562	56,137

(In Thousands of Jordanian Dinars)

	2019					2018
Items of the separate statements of revenues and expenses	Parent Company	Subsidiaries	Associates	Other	Total	Total
Interest-						
Current account with Jordan Kuwait Bank	-	-	5	-	5	2
Deposits with Jordan Kuwait Bank	-	-	3,386	-	3,386	2,249
Kingdom Electricity Company loan	-	2,743	-	-	2,743	2,612
Al-Daman for Finance Leasing loan	-	5,809	-	-	5,809	2,520
Al-Daman for International Investments loan	-	4,140	-	-	4,140	518
Social Security Corporation	2,204	-	-	-	2,204	1,753
Dividends Income-						
Daman for Investment	-	123	-	-	123	245
Jordan Duty Free shops	-	12,711	-	-	12,711	10,169
Rama for investment	-	-	-	-	-	84
Daman for Energy Investment	-	-	-	-	-	2,835
Kingdom Electricity Company	-	-	4,200	-	4,200	-
Jordan Electricity Power Company	-	-	1,478	-	1,478	897
Jordan Petroleum Refinery	-	-	5,035	-	5,035	4,028
Jordan Worsted Milles	-	-	675	-	675	675
Jordan Telecommunication Company	-	-	6,209	-	6,209	6,931
Jordan Kuwait Bank	-	-	4,208	-	4,208	4,208
Executive management salaries and remunerations	-	-	-	790	790	840
Investment Board remuneration	-	-	-	117	117	112
Rental income-						
National Tourism and Development Company	-	37	-	-	37	36

* 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 related parties during the year were as follows:

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	8,264	-	-	8,264	9,090
Recovered from provision during the year	(37)	-	-	(37)	(826)
Balance as at 31 December	8,227	-	-	8,227	8,264

(In Thousands of Jordanian Dinars)

(26) INCOME TAX

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

	2019	2018
Balance as at 1 January	468	442
Income tax expense	637	337
Income tax paid	(336)	(311)
Balance as at 31 December	769	468

Income tax provision for the year ended 31 December 2019 has been calculated in accordance with Income Tax Law No. (38) of 2018 which have amended Income Tax Law No. (34) of 2014. Management believes that the provision amounting to JD 769 thousand is sufficient and there is no need to recognize any additional provision. Noting that most of the Fund's activities are tax exempted in accordance with the Income Tax Law.

The Fund submitted its tax declarations for the years 2018, 2017, 2016, and 2015. The Income Tax Department has not reviewed the records up to the date of these separate financial statements.

The Fund obtained a final clearance from the Income Tax Department up to the year 2014.

(27) FAIR VALUE RESERVE

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

	2019	2018
Balance as at 1 January	354,028	362,812
Changes in fair value of financial assets through other comprehensive income	(164,150)	46,187
Changes in fair value of investments in subsidiaries	5,449	24,070
Changes in fair value of investments in associates	6,510	(79,143)
Realized (gains) losses from sale of financial assets through other comprehensive income	(3)	102
Balance as at 31 December	201,834	354,028

(28) FAIR VALUES OF FINANCIAL INSTRUMENTS

The Fund's financial instruments comprise of financial assets and liabilities.

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

(In Thousands of Jordanian Dinars)

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

The following table illustrates the fair value measurement hierarchy for financial instruments. The Fund 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 unobservable.

2019 -	Level (1)	Level (2)	Level (3)	Total
Financial Assets:				
Financial assets through profit or loss	124,711	-	-	124,711
Financial assets though other comprehensive income	1,215,489	-	59,013	1,274,502
Investments in subsidiaries	153,507	-	162,511	316,018
Investments in associates	229,510	-	5,591	235,101
	1,723,217	-	227,115	1,950,332

2018 -	Level (1)	Level (2)	Level (3)	Total
Financial Assets:				
Financial assets through profit or loss	126,361	-	-	126,361
Financial assets though other comprehensive income	1,325,911	-	60,590	1,386,501
Investments in subsidiaries	172,921	-	138,995	311,916
Investments in associates	221,178	-	7,412	228,590
	1,846,371	-	206,997	2,053,368

(29) 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.

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

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

CREDIT RISK

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

The Fund performs necessary financial and credit analysis when acquiring any bonds for public shareholding companies or when granting loans. Moreover, 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 develops plans to maintain business continuity under any emergency.

MARKET RISK

Market risk arises from fluctuations in the value of investment instruments, especially the fluctuations in stock prices and investment properties value, where the 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 that are less correlated.

INTEREST RATE RISK

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

The 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's expectations of interest rate trends.

(In Thousands of Jordanian Dinars)

The Fund performs analysis on the gaps of the investment instruments maturities and links it with the investment maturities and other liabilities which is performed by 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 due dates.

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 is 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 reasonable and possible changes in interest rates as of 31 December while other variables held constant:

Currency	Increase in interest rate	Impact on surplus of revenues over expenses for the year
	%	
2019-		
JD	1	75,340
USD	1	3,735
2018-		
JD	1	68,669
USD	1	2,429

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.

(In Thousands of Jordanian Dinars)

The sensitivity of interest rates is as follows:

2019 -	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non-interest bearing	Total
Assets								
Bank balances	276	-	-	-	-	-	-	276
Deposits at banks and financial institutions	237,481	389,062	501,178	259,038	-	-	-	1,386,759
Financial assets at fair value through statement of profit or loss	-	-	-	-	-	-	124,711	124,711
Loans and granted debts	4,017	14,474	1,500	16,525	89,312	205,047	-	330,875
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1,274,502	1,274,502
Investments in subsidiaries	-	-	-	-	-	-	316,018	316,018
Investments in associates	-	-	-	-	-	-	235,101	235,101
Financial assets at amortized cost	25,000	40,200	22,000	386,500	1,080,092	4,635,786	-	6,189,578
Due from related parties	-	-	-	-	-	-	31,560	31,560
Investments properties	-	-	-	-	-	-	657,992	657,992
Investments in joint operations	-	-	-	-	-	-	1,050	1,050
Investment in hotels	-	-	-	-	-	-	252,720	252,720
Property and equipment	-	-	-	-	-	-	5,812	5,812
Other assets	-	-	-	-	-	-	189,997	189,997
Total Asset	266,774	443,736	524,678	662,063	1,169,404	4,840,833	3,089,463	10,996,951
Social Security Corporation Equity and Liabilities								
Social Security Corporation Equity -								
Social Security Corporation current account	-	-	-	-	-	-	6,336,047	6,336,047
Social Security Corporation current account - Unemployment Fund	-	-	-	-	-	-	256,611	256,611
Fair value reserve	-	-	-	-	-	-	201,834	201,834
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,197,362	4,197,362
Total Social Security Corporation Equity	-	-	-	-	-	-	10,991,854	10,991,854
Liabilities -								
Other liabilities	-	-	-	-	-	-	4,328	4,328
Income tax provision	-	-	-	-	-	-	769	769
Total liabilities	-	-	-	-	-	-	5,097	5,097
Total Social Security Corporation Equity and Liabilities	-	-	-	-	-	-	10,996,951	10,996,951
Sensitivity variance	266,774	443,736	524,678	662,063	1,169,404	4,840,833	(7,907,488)	-
Accumulated sensitivity variance	266,774	710,510	1,235,188	1,897,251	3,066,655	7,907,488	-	-

(In Thousands of Jordanian Dinars)

The sensitivity of interest rates is 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
Assets								
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 profit or loss	-	-	-	-	-	-	126,361	126,361
Loans and granted debts	4,012	1,939	1,494	10,940	36,831	197,587	-	252,803
Financial assets at fair value through other 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
Investment in hotels	-	-	-	-	-	-	251,299	251,299
Property and equipment	-	-	-	-	-	-	5,869	5,869
Other assets	-	-	-	-	-	-	140,368	140,368
Total Asset	647,307	300,169	944,258	532,328	1,677,088	3,008,643	3,080,929	10,190,722
Social Security Corporation Equity and Liabilities								
Social Security Corporation Equity -								
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
Total Social Security Corporation Equity	-	-	-	-	-	-	10,187,254	10,187,254
Liabilities -								
Other liabilities	-	-	-	-	-	-	3,000	3,000
Income tax provision	-	-	-	-	-	-	468	468
Total liabilities	-	-	-	-	-	-	3,468	3,468
Total Social Security Corporation Equity and Liabilities	-	-	-	-	-	-	10,190,722	10,190,722
Sensitivity variance	647,307,	300,169	944,258	532,328	1,677,088	3,008,643	(7,109,793)	-
Accumulated sensitivity variance	647,307	947,476	1,891,734	2,424,062	4,101,150	7,109,793	-	-

(In Thousands of Jordanian Dinars)

SHARE PRICE RISK

Share price risk 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 profit or loss) and fair value reserve (financial assets at fair value through profit or loss, Financial assets at fair value through other comprehensive income and investments in subsidiaries and associates) as a result of possible and reasonable changes in share prices, assuming that other variables held constant:

2019-	Change in indicator	Effect on surplus of revenues over expenses for the year	Effect on Social Security Corporation equity
	%		
Indicator			
Amman stock exchange	5	5,827	85,752
Palestine stock exchange	5	409	409
		6,236	86,161
2018-			
Indicator			
Amman stock exchange	5	5,885	91,886
Palestine stock exchange	5	433	433
		6,318	92,319

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.

(In Thousands of Jordanian Dinars)

The contractual maturity dates of assets are determined based on the remaining period of the contractual maturity date without taking into account the actual benefits reflected by the historical facts to maintain deposits and provide liquidity retention of deposits and the provision of the liquidity.
The following table summarizes the maturities of assets, liabilities and equity:

2019 -	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non-interest bearing	Total
Assets								
Bank balances	276	-	-	-	-	-	-	276
Deposits at banks and financial institutions	237,481	389,062	501,178	259,038	-	-	-	1,386,759
Financial assets at fair value through profit or loss	-	-	-	-	-	-	124,711	124,711
Loans and granted debts	4,017	14,474	1,500	16,525	89,312	205,047	-	330,875
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1,274,502	1,274,502
Investments in subsidiaries	-	-	-	-	-	-	316,018	316,018
Investments in associates	-	-	-	-	-	-	235,101	235,101
Financial assets at amortized cost	25,000	40,200	22,000	386,500	1,080,092	4,635,786	-	6,189,578
Due from related parties	-	-	-	-	-	-	31,560	31,560
Investments properties	-	-	-	-	-	-	657,992	657,992
Investments in joint operations	-	-	-	-	-	-	1,050	1,050
Investments in hotels	-	-	-	-	-	-	252,720	252,720
Property and equipment	-	-	-	-	-	-	5,812	5,812
Other assets	-	-	-	-	-	-	189,997	189,997
Total Asset	266,774	443,736	524,678	662,063	1,169,404	4,840,833	3,089,463	10,996,951
Social Security Corporation equity and Liabilities								
Social Security Corporation Equity -								
Social Security Corporation current account	-	-	-	-	-	-	6,336,047	6,336,047
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	256,611	256,611
Fair value reserve	-	-	-	-	-	-	201,834	201,834
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,197,362	4,197,362
Total Social Security Corporation Equity	-	-	-	-	-	-	10,991,854	10,991,854
Liabilities -								
Other liabilities	111	-	-	-	-	-	4,217	4,328
Income tax provision	-	-	769	-	-	-	-	769
Total liabilities	111	-	769	-	-	-	4,217	5,097
Total Social Security Corporation Equity and Liabilities	111	-	769	-	-	-	10,996,071	10,996,951

(In Thousands of Jordanian Dinars)

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
Assets								
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 profit or loss	-	-	-	-	-	-	126,361	126,361
Loans and granted debts	4,012	1,939	1,494	10,940	36,831	197,587	-	252,803
Financial assets at fair value through other 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
Total Asset	647,307	300,169	944,258	532,328	1,677,088	3,008,643	3,080,929	10,190,722
Social Security Corporation equity and Liabilities								
Social Security Corporation Equity -								
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
Total Social Security Corporation Equity	-	-	-	-	-	-	10,187,254	10,187,254
Liabilities -								
Other liabilities	807	-	-	-	2,193	-	-	3,000
Income tax provision	-	-	-	468	-	-	-	468
Total liabilities	807	-	-	468	2,193	-	-	3,468
Total Social Security Corporation Equity and Liabilities	807	-	-	468	2,193	-	10,187,254	10,190,722

(In Thousands of Jordanian Dinars)

(30) SEGMENT INFORMATION

Assets and liabilities are distributed according to business segments as follows:

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Business segments				
Financial investments	9,622,443	-	8,934,089	-
Investments in associates	235,101	-	228,590	-
Investments properties	657,992	-	596,353	-
Investment in hotels	252,720	-	251,299	-
Others	228,695	5,097	180,391	3,468
	10,996,951	5,097	10,190,722	3,468

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

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Geographical region				
Inside the Kingdom	10,988,780	5,097	10,182,064	3,468
Arab countries (note 6)	8,171	-	8,658	-
	10,996,951	5,097	10,190,722	3,468

The Fund's revenues and capital expenses are distributed according to business sectors as follows:

	2019		2018	
	Revenues	Expenses	Revenues	Expenses
Business segments				
Financial investments	532,472	-	425,167	-
Investments in associates	17,606	-	16,740	-
Investments properties	8,297	-	2,147	-
Investment in hotels	-	-	-	-
Others	2,200	3,761	(6,564)	3,579
	560,575	3,761	437,490	3,579

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

	Inside Jordan		Outside Jordan		Total	
	2019	2018	2019	2018	2019	2018
Total revenues	560,461	437,654	114	(164)	560,575	437,490
Capital expenses	161	78	-	-	161	78
Depreciation expenses	215	96	-	-	215	96

(31) CONTINGENT LIABILITIES

Contingent liabilities and commitments of the Fund as at 31 December 2019 are as follows:

Letters of guarantee and letters of credit amounting to JD 30 thousand without cash collateral as at 31 December 2019 (31 December 2018: JD 30 thousand).

(32) LAWSUITS

As at 31 December 2019, the Fund was defendant in a number of lawsuits which amounted to JD 335 thousand (31 December 2018: JD 345 thousand). The Fund's management and its legal counsel believe that the Fund will not have any material obligations in respect to these lawsuits.

(33) SUBSEQUENT EVENTS

Subsequent to year end, the Coronavirus (COVID-19) outbreak has impacted the global macroeconomy and caused significant disruption in the global economy which had an impact on the Fund's financial assets due to drop in stock prices in international stock markets, including Amman Stock Exchange. Moreover, the Fund's investments in hotels were impacted as a result of the imposed quarantine on travelers. The Management is still in process of determining the impact of the Coronavirus on the Fund's operations and the appropriate measures to be taken.

(34) 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 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 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Fund does not expect to have an impact when adopting this standard.

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Fund will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of material is not expected to have a significant impact on the Fund's separate financial statements.

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.

The Fund has not early adopted the amendments and has concluded that the uncertainty arising from IBOR reform is not affecting its hedge relationships to the extent that the hedge relationships need to be discontinued.

SSIF Consolidated Financial Statements as at 31/12/2019

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

TO THE CHAIRMAN AND THE MEMBERS OF INVESTMENT BOARD
SOCIAL SECURITY CORPORATION - SOCIAL SECURITY INVESTMENT FUND
Amman- Jordan

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying 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 2019, 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 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory

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

Ernst & Young

Amman – Jordan
6 September 2020

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2019	2018
Assets			
Cash and bank balances	3	24,747	14,682
Deposits at banks and financial institutions	4	1,462,967	1,452,854
Financial assets at fair value through profit or loss	5	124,711	126,361
Loans and granted debts	6	259,452	183,736
Financial asset at fair value through other comprehensive income	7	1,349,321	1,448,297
Investments in associates	8	475,496	476,140
Financial assets at amortized cost	9	6,189,578	5,482,067
Subscribers' contributions and rural fils assets	10	191,087	184,531
Projects in progress	11	118,803	99,918
Inventory	12	32,883	39,311
Property and equipment	13	357,251	349,697
Investments properties	14	717,392	656,639
Investments in joint operations	15	1,050	2,032
Due from related parties	37	124	171
Intangible assets	16	60,886	63,787
Other assets	17	544,195	562,718
Total assets		11,909,943	11,142,941
Liabilities and Equity			
Liabilities-			
Subscribers' contributions and rural fils liabilities	10	191,087	184,531
Electricity service subscribers' deposits	18	70,324	65,836
Advance payments form electricity subscribers	19	26,325	25,189
Due to National Electric Power Company	20	351,425	400,782
Bank loans	21	51,944	58,529
End of service indemnity provision	22	14,881	15,044
Due to banks	23	67,468	61,032
Income tax provision	44	3,356	4,367
Other liabilities	24	130,139	117,447
Total liabilities		906,949	932,757
Equity-			
Social Security Corporation Equity-			
Social security corporation current account		6,286,910	5,769,686
Social security corporation current account – unemployment fund	27	256,611	351,901
Property and equipment revaluation reserve	25	31,812	31,812
Fair value reserve	26	176,833	329,620
Cash flow hedges reserve		(2,997)	(127)
Surplus of revenues over accumulated expenses		4,198,551	3,668,362
Net Social Security Corporation Equity		10,947,720	10,151,254
Non-controlling interests		55,274	58,930
Net Equity		11,002,994	10,210,184
Total liabilities and equity		11,909,943	11,142,941

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

Social Security Corporation – Social Security Investment Fund
Consolidated Statement of Revenues and Expenses
For the year ended 31 December 2019
(In Thousands of Jordanian Dinars)

	Notes	2019	2018
Operating revenues -			
Hotels		39,643	36,474
Press and publication		8,496	10,144
Energy		586,803	563,535
Commercial		82,354	91,151
Others		3,165	2,034
Gross revenues		720,461	703,338
Cost of revenues		(566,686)	(547,745)
Net operating revenues	29	153,775	155,593
Interest income	30	438,530	355,460
Losses on financial assets at fair value through profit or loss, net	31	(2,008)	(13,396)
Group's share of associates' net operating results	8	24,139	18,246
Gains on investment properties	32	6,927	11,250
Cash dividends	33	81,116	71,981
Other revenues		28,583	33,125
Net revenues		731,062	632,259
Expenses-			
General and administrative expenses	34	(77,464)	(71,813)
Energy and maintenance expenses		(8,687)	(8,894)
Selling and distribution expenses		(7,548)	(7,725)
Impairment losses on projects in progress		(82)	-
Depreciation of property and equipment	13	(26,747)	(30,805)
Amortization of intangible assets	16	(2,926)	(3,017)
Provision for expected credit losses		(6,823)	(11,459)
Provision for slow moving inventory	12	(622)	(999)
Finance cost	35	(26,286)	(29,269)
Recovered from contingent liabilities provision		603	1,028
Other expenses		(387)	(459)
Total expenses		(156,969)	(163,412)
Surplus of revenues over expenses for the year before income tax		574,093	468,847
Income tax expense	44	(3,739)	(5,225)
Surplus of revenues over expenses for the year		570,354	463,622
Attributable to:			
Social Security Investment Fund		558,580	449,019
Non-controlling interests		11,774	14,603
		570,354	463,622

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

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019
(IN THOUSANDS OF JORDANIAN DINARS)

	Note	2019	2018
Surplus of revenues over expenses for the year		570,354	463,622
Add: other comprehensive income not to be reclassified to revenues and expenses in subsequent periods			
Change in fair value of financial assets through other comprehensive income	26	(152,784)	64,523
Group's share of net loss of hedging cash flow		(4,100)	(181)
Group's share of actuarial losses on post-retirement health insurance liabilities		(1,818)	-
Total comprehensive income for the year		411,652	527,964
Attributable to:			
Social Security Investment Fund		401,108	513,414
Non-controlling interests		10,544	14,550
		411,652	527,964

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

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
(IN THOUSANDS OF JORDANIAN DINARS)

	Social Security Corporation current account	Social Security Corporation current account – Unemployment Fund	Property and equipment revaluation reserve	Fair value reserve	Cash flow hedges reserve	Surplus of revenues over accumulated expenses	Net Social Security Corporation equity	Non-controlling interests	Net Equity
2019-									
Balance as at 1 January 2019	5,769,686	351,901	31,812	329,620	(127)	3,668,362	10,151,254	58,930	10,210,184
Surplus of revenues over expenses for the year	-	-	-	-	-	558,580	558,580	11,774	570,354
Change in fair value of financial assets through other comprehensive income	-	-	-	(152,784)	-	-	(152,784)	-	(152,784)
Realized gain on sale of financial assets at fair value through other comprehensive income	-	-	-	(3)	-	3	-	-	-
Group's share of cash flow hedges reserve (note 8)	-	-	-	-	(2,870)		(2,870)	(1,230)	(4,100)
Group's share of actuarial losses on health insurance liabilities (note 8)						(1,818)	(1,818)	-	(1,818)
Cash transferred during the year, net	517,224	(113,971)	-	-	-	(7,721)	395,532	-	395,532
Unemployment Funds' share of the investment Funds' returns	-	18,681	-	-	-	(18,681)	-	-	-
Dividends from non-controlling interests	-	-	-	-	-	-	-	(14,200)	(14,200)
Prior years' adjustments	-	-	-	-	-	(174)	(174)	-	(174)
Balance as at 31 December 2019	6,286,910	256,611	31,812	176,833	(2,997)	4,198,551	10,947,720	55,274	11,002,994
2018-									
Balance as 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)	-	-	-	-	-	(19,162)	(19,162)	-	(19,162)
Group's share of IFRS (9) implementation impact on associates	-	-	-	-	-	(10,489)	(10,489)	-	(10,489)
Balance as at 1 January 2018 (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	-	-	-
Group's share of 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)	-	-	-
Dividends from non-controlling interests	-	-	-	-	-	-	-	(11,728)	(11,728)
Balance as at 31 December 2018	5,769,686	351,901	31,812	329,620	(127)	3,668,362	10,151,254	58,930	10,210,184

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

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2019	2018
Operating activities			
Surplus of revenues over expenses for the year before income tax		574,093	468,847
Adjustments-			
Depreciation of property and equipment	13	26,747	30,805
Amortization of intangible assets	16	2,926	3,017
End of service indemnity provision	34	1,869	2,713
Group's share of associates' net operating results	8	(24,139)	(18,246)
Losses of revaluation of financial assets at fair value through profit or loss	31	2,071	13,405
Realized gains on sale of financial assets at fair value through profit or loss	31	(67)	(26)
Provision for slow moving inventory	12	622	999
Provision for expected credit losses		7,336	11,700
Recovered from provision for expected credit losses		(513)	(241)
Recovered from contingent liabilities provision		(603)	(1,028)
Losses (gains) on investment property valuation at fair value	32	8,909	(9,802)
Finance costs		26,286	29,269
Recovered lands – lawsuits	32	(13,163)	-
Impairment losses on projects under progress		82	-
Gains on sale of property and equipment		-	(274)
Working capital changes-			
Deposits at banks and financial institutions with maturity of more than 3 months		(345,547)	(563,831)
Financial assets at fair value through profit or loss		(354)	(3,970)
Inventory		5,806	(9,757)
Other assets		15,470	(163,728)
Related parties		47	(27)
Electricity service subscribers' deposits		4,488	5,702
Advance payments from electricity subscribers		1,136	1,655
Due to National Electric Power Company		(49,357)	144,188
Other liabilities		13,121	751
Payment of end of service indemnity	22	(2,467)	(787)
Income tax paid	44	(5,050)	(4,694)
Net cash flows from (used in) operating activities		249,749	(63,360)
Investing activities			
Financial assets at fair value through other comprehensive income		(52,825)	1,619
Financial assets at amortized cost		(709,832)	(525,237)
Investments in associates		-	3,591
Dividends received from associates	8	17,882	17,003
Investments properties	14	(57,957)	(16,824)
Property and equipment and projects in progress, net		(50,277)	(47,571)
Loans and granted debts		(75,203)	(44,824)
Intangible assets	16	(25)	(17)
Proceeds from sale of property and equipment		-	3,892
Investments in joint operations		(116)	(31)
Net cash flows used in investing activities		(928,353)	(608,399)
Financing activities			
Net amounts transferred from Social Security Corporation		395,532	569,084
Bank loans		(6,585)	(6,871)
Change in non-controlling interests		(14,200)	(11,728)
Finance costs paid		(26,286)	(29,269)
Net cash flows from financing activities		348,461	521,216
Net decrease in cash and cash equivalents		(330,143)	(150,543)
Cash and cash equivalents at 1 January		453,550	604,093
Cash and cash equivalents at 31 December	36	123,407	453,550

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

(1) GENERAL

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

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

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

- Establishing projects in cooperation with the public and private sectors on corporation investments.
- Underwriting purchasing and selling of bonds, bills and other securities.
- 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 2019 have been approved by the Board of Investment on its meeting held on 29 June 2020.

(2) ACCOUNTING POLICIES

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

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

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

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

(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 2019. The subsidiaries that have been included in the consolidated financial statements are as follows:

	Sector	Paid in capital		Percentage of Ownership	
		2019	2018	2019	2018
		JD	JD	%	%
Jordan Press Foundation Public Shareholding Company / Al-Rai	Press and publication	10,000,000	10,000,000	54.93	54.93
Jordan Duty Free Public Shareholding Company	Trading	22,500,000	22,500,000	57.1	57.1
Al-Daman for Investment Public Shareholding Company	Investment and leasing	10,000,000	10,000,000	61.4	61.4
Rama for Investments and saving LLC	Investment	560,000	560,000	100	100
National Company for Touristic Development LLC	Tourism	2,050,000	2,050,000	100	100
United Travelling Center LLC	Leasing	4,654,339	4,654,339	100	100
Al Daman for Lease Financing*	Finance leasing	500,000	100,000	100	100
Al Daman for Hotel Transport Services	Services	100,000	100,000	100	100
Kingdom Electricity Company for Energy Investments **	Energy distribution	50,000	-	70	-
Daman for Development Zone Private Shareholding Company***	Land leasing and development	40,000,000	40,000,000	100	100
Daman for Energy Investments Private Shareholding Company**	Energy distribution	-	20,000,000	-	100
Jordan Daman Company for International Business****	Investment	100,000	100,000	100	100

* The General Assembly for Al-Daman for Finance Leasing approved in its extraordinary 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, which made the Fund's share in Al Daman for Finance Leasing JD 500 thousand.

** The Board of Directors of Daman for Energy Investment decided in its meeting number 2/2019 held on 17 February 2019 to voluntarily to liquidate the Company. The General assembly approved in its meeting held on 21 April 2019 to approve the liquidation of the Company, and thus all of the Company's assets (which mainly comprises of the shares of Kingdom Electricity Company and current accounts) to the Social Security Investments Fund, which made Kingdom Electricity Company directly a subsidiary to the Fund.

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

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

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

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

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

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

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

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

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

Investment properties for Al Daman for Investments Public Share Holding Company and National Company for Touristic Development are presented at cost in the companies' financial statements. However, they are presented at fair value in the consolidated financial statements and proper reconciliations are prepared in the Fund's consolidated statements.

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

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

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

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

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

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

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

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

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

(2-3) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2019 are consistent with those adopted for the year ended 31 December 2018, except for the adoption of new standards and amendments effective as of 1 January 2019:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of the adoption of IFRS 16 is as follows:

Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

	1 January 2019
	JD
Assets	
Right of use asset	8,986
Prepayments	(55)
Liabilities	
Lease contract obligations	(8,931)
Total adjustment on equity	-

a) Nature of the effect of adoption of IFRS 16

Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized, and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

(IN THOUSANDS OF JORDANIAN DINARS)

• Leases previously accounted for as operating leases

The Group recognized right-of-use assets and operating lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

• Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
• Relied on its assessment of whether leases are onerous immediately before the date of initial application.
• Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
• Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
• Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	JD
Operating lease commitments as at 31 December 2018	34,151
Weighted average incremental borrowing rate as at 1 January 2019	8%
Discounted operating lease commitments at 1 January 2019	8,931

(IN THOUSANDS OF JORDANIAN DINARS)

b) Amounts recognized in the statement of financial position and profit or loss:
Set out below, are the carrying amounts of the Group right of use asset and lease liabilities and the movements during the year ended 31 December 2019:

	Right of use asset	Lease Liabilities
	JD	JD
As at 1 January 2019	8,986	8,931
Depreciation (note 34)	(728)	-
Finance cost (note 34)	-	687
Payments	-	(1,202)
As at 31 December 2019	8,258	8,416

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 determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The interpretation did not have an impact on the Fund’s consolidated financial statements.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortized 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.

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 recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized 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.

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

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 recognized 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 recognized in other comprehensive income.

The amendments had no impact on the Fund’s consolidated financial statements.

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, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

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

(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 profit or loss

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

Financial assets at fair value through profit or loss are initially measured at fair value, 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.

Loans and granted debts

A provision for expected credit losses for loans and granted debits 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 measures its financial instruments such as financial assets at fair value through other comprehensive income at the date of the consolidated financial statements as disclosed in (note 38).

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

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

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

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

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

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

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

(IN THOUSANDS OF JORDANIAN DINARS)

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

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

Impairment of financial assets

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

The Group's management calculates the 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

	%
Buildings	2-10
Furniture and fixtures	9-25
Machinery and equipment	3-20
Vehicles	15-30
Additions and improvements	15
Computers	20-25
Electromechanical equipment	15
Sanitary extensions	15
Others	10-20

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

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

Goodwill

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

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

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

Intangible assets

Intangible assets are classified based on the assessment of their useful life to definite and indefinite. Intangible assets with definite lives are amortized over the useful economic life and amortization expenses are recognized in the consolidated statement of profit or loss, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date and impairment loss is recognized in the consolidated statement of revenues and expenses. Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of revenues and expenses.

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

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 recognized in the consolidated statement of revenues and expenses.

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

End of service indemnity provision

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

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

Trade payable and accruals

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

Loans

All loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest method.

Accounts receivable

Accounts receivable are stated at original invoice amount less any provision of expected credit losses. The Group applies a simplified approach in calculating estimated credit losses. The Group has historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment in accordance to International Financial Reporting Standard (9). Bad debts are written off when there is no possibility to collect them.

Leases

Group as a lessee

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

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

Right-of-use assets

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

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

Lease contract liabilities

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

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

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

Short-term leases and leases of low-value assets

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

Group as a lessor

Operating lease revenue from investment properties are recognized as other income in the statement of comprehensive income on a straight- line basis over the lease term.

Revenue and expense recognition

Revenues are recognized in accordance with IFRS (15) – Five step model, which specifies the contract, price, performance obligations and recognizing revenues based on the fulfillment of performance obligations.
The Group recognizes revenue from the sale of newspapers, distribution of advertisements and commercial press revenues at a certain point in time at which the control of the asset is transferred to the customer upon the delivery of goods.

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

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

Revenue recognition

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

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

Recognition of financial assets

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

Derivative financial instruments

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

Repurchase and resale agreements

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

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

Investments in associates

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

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

Inventory

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

Income tax

- Income tax expense represents accrued tax and deferred tax.
- Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the consolidated financial statements as the declared income includes non-taxable revenue or not deductible expenses in the current year, but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of tax rates prescribed according to the prevailing laws, regulations and instructions of the Hashemite kingdom of Jordan. Social Security Corporation revenues are exempted from income tax by law except for rental revenues, revenue of some hotels and foreign investments 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.

Rural fils 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 fils assets" and is offset with a liability under the term "Rural files liabilities" carrying the same amount, and that is to conform with the legislations. 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Foreign currency

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

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

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

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

(2-5) SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

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

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

Methodology of application of IFRS (9) (Financial instruments): 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 Group's risk management processes.

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

  1- 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.

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

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

- **Definition of 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 cannot avoid.

- **Scope of application**

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

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

(IN THOUSANDS OF JORDANIAN DINARS)

- **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.

(3) CASH AND BANK BALANCES

This item consists of the following:

	2019	2018
Cash on hand	356	1,060
Current accounts and deposits on demand *	24,391	13,622
	24,747	14,682

* This item includes the amount of JD 94 thousand of current accounts related to the Unemployment Fund as at 31 December 2019 (31 December 2018: JD 204 thousand).

- Current accounts do not include balances with foreign banks and financial institution as at 31 December 2019 and 2018.

- There were no restricted balances as at 31 December 2019 and 2018.

(4) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	2019	2018
Deposits maturing within 3 months or less	166,128	499,900
Deposits maturing within 3 to 6 months	749,261	616,617
Deposits maturing within 6 to 12 months	556,926	344,023
	1,472,315	1,460,540
Less: provision for expected credit losses*	(9,348)	(7,686)
	1,462,967	1,452,854

- Interest rates on Jordanian Dinar deposits range between 2% to 6.5% for the year ended at 31 December 2019 and from 2.75% to 6.25% for the year ended at 31 December 2018.

(IN THOUSANDS OF JORDANIAN DINARS)

- There are no balances with foreign banks and financial institutions and there are no restricted balances as at 31 December 2019 and 2018.

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

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

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	7,686	-	-	7,686	4,932
Provision for the year	1,662	-	-	1,662	2,754
Balance as at 31 December	9,348	-	-	9,348	7,686

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

This item consists of the following:

Quoted shares:	2019	2018
Local	116,540	117,703
Foreign	8,171	8,658
	124,711	126,361

(6) LOANS AND GRANTED DEBTS

This item consists of the following:

	2019	2018
Direct loans	218,976	139,400
Syndicated loans	47,552	51,925
	266,528	191,325
Less: provision for expected credit losses*	(7,076)	(7,589)
	259,452	183,736

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

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	5,429	-	2,160	7,589	7,830
Recovered from provision during the year	(513)	-	-	(513)	(241)
Balance as at 31 December	4,916	-	2,160	7,076	7,589

(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
		%		
Direct loans	218,976	5 – 8.37	31 March 2024	Governmental, real estate, legal
Syndicated loans	47,552	5.21 – 9	18 October 2025	Governmental, real estate, legal
	266,528			

Non-performing loans and debts amounted to JD 2,160 thousand representing 0.81% of loans and granted debts as at 31 December 2019 compared to JD 2,160 thousand representing 1.1% of loans and granted debts at 31 December 2018. A provision was provided in full against those loans.

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

This item consists of the following:

	2019	2018
Financial Assets- Quoted Shares*:		
Quoted shares – local	1,215,689	1,326,155
Quoted shares – foreign	74,614	61,547
	1,290,303	1,387,702
Financial Assets- Unquoted Shares:	50,733	50,549
Other financial assets:		
Investments in mutual funds – USD	8,285	10,046
	1,349,321	1,448,297

***Quoted Financial Assets at fair value though other comprehensive income are distributed according to the following sectors:

	Ratio	2019	Ratio	2018
	%		%	
Banking sector	74	957,901	79	1,096,424
Manufacturing sector	23	294,694	17.5	243,463
Services sector	3	34,237	3.2	44,288
Insurance sector	0.3	3,471	0.3	3,527
		1,290,303		1,387,702

(IN THOUSANDS OF JORDANIAN DINARS)

(8) INVESTMENTS IN ASSOCIATES

This item consists the following:

	Number of capital shares	*Number of shares/ Ownership*	*Ownership percentage*	*Nature of business*	*Last date issued audited financial statements*	*Balance using equity method at the beginning of the year*	*Purchase/ Capital increase*	*Sale/ Capital decrease*	*Dividends received*	*Share of companies' results*	*Share of cash flow hedges reserve*	*Share of fair value reserve*	*Losses on post-retirement health insurance liabilities*	*2019 Balance using equity method at year end*	*2019 Fair market value at year end*	*2018 Balance using equity method at year end*	*2018 Fair market value at year end*
Listed *in Amman Stock Exchange*			%														
Jordan Kuwait Bank	100,000,000	21,041,644	21.04	Banking	31 December 2019	92,675	-	-	(4,208)	6,299	-	(392)	-	94,374	52,815	92,675	61,021
Jordan Petroleum Refinery Co.	100,000,000	20,407,497	20.41	Petrochemical	31 December 2019	52,674	-	-	(5,102)	8,952	-	59	-	56,583	65,054	52,674	45,719
Jordan Cement Factories	60,444,460	13,207,226	21.85	Construction	31 December 2019	2,745	-	-	-	(926)	-	(1)	(1,818)	-	6,900	2,745	8,182
Jordan Telecommunication Co.	187,500,000	54,150,000	28.88	Telecommunication	31 December 2019	221,452	-	-	(6,209)	5,500	-	-	-	220,743	77,976	221,452	75,269
Jordan Worsted Mill Factories	15,000,000	3,004,000	20.04	Textiles	31 December 2019	12,120	-	-	(676)	575	-	(650)	-	11,369	4,223	12,120	8,182
East Company for Investments	16,000,000	4,164,153	26.03	Hotel services	31 December 2019	5,512	-	-	(208)	84	-	1	-	5,389	10,372	5,512	9,411
Jordan Electricity Company	86,080,154	18,489,044	21.48	Energy	31 December 2019	41,968	-	-	(1,479)	1,601	-	-	-	42,090	22,542	41,968	21,987
						429,146	-	-	(17,882)	22,085	-	(983)	(1,818)	430,548	239,882	429,146	230,589
Non-listed in Amman Stock Exchange																	
South Dead Sea Development	17,000,000	5,100,000	30	Investment	31 December 2019	5,560	-	-	-	10	-	-	-	5,570	5,591	5,560	7,412
Electrical Equipment Industries	3,750,000	881,250	23.5	Manufacturing	31 December 2019	1,005	-	-	-	74	-	-	-	1,079	-	1,005	-
Al Zanpaq Company	167,000	50,100	30	Electricity generation	31 December 2019	1,278	-	-	-	13	(164)	-	-	1,127	-	1,278	-
Zahrat Al salam Company	167,000	50,100	30	Electricity generation	31 December 2019	1,283	-	-	-	16	(164)	-	-	1,135	-	1,283	-
Alward Aljoury Company	167,000	50,100	30	Electricity generation	31 December 2019	1,386	-	-	-	14	(164)	-	-	1,236	-	1,386	-
Jordan Solar Company	100,000	30,000	30	Electricity generation	31 December 2019	1,617	-	-	-	(144)	(267)	-	-	1,206	-	1,617	-
Al-Zarqa station for electrical power generation	50,000	20,000	40	Electricity generation	31 December 2019	34,865	-	-	-	2,071	(3,341)	-	-	33,595	-	34,865	-
						46,994	-	-	-	2,054	(4,100)	-	-	44,948	5,591	46,994	7,412
						476,140	-	-	(17,882)	24,139	(4,100)	(983)	(1,818)	475,496	245,473	476,140	238,001

(In Thousands of Jordanian Dinars)

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

	Jordan Kuwait Bank	
	2019	2018
Statement of Financial Position		
Assets	2,756,001	2,721,445
Liabilities	(2,296,468)	(2,275,883)
Non-controlling interest	-	-
Net equity	459,533	445,562
Percentage of ownership	21.04%	21.04%
Net investment as of 31 December	94,374	92,675
Statement of Comprehensive Income		
Net Interest revenues, commissions and foreign currency	104,237	106,306
Gains on financial assets at fair value through other comprehensive income	91	2,380
Cash dividends at fair value through other comprehensive income	1,878	1,263
Sales of external branches	-	1,280
Provision for impairment of direct credit facilities	(14,004)	(2,329)
(Provision for) recovered from credit losses	(130)	5,000
Employees' expenditures	(27,843)	(26,710)
Other revenues and expenses, Net	(34,291)	(45,047)
Profit for the year	29,938	42,143
Attributable to Bank's shareholders	29,938	42,143
Attributable to non-controlling interests	-	-
Group's share of profit	6,299	8,868

(In Thousands of Jordanian Dinars)

	Jordan Petroleum Refinery	
	2019	2018
Statement of Financial Position		
Current assets	1,017,251	1,217,944
Non-current assets	273,942	222,277
Current liabilities	(951,512)	(1,156,875)
Non-current liabilities	(92,782)	(53,437)
Non-controlling interest	(8,690)	(11,137)
Net equity	238,209	218,772
Percentage of ownership	20.41%	20.41%
Net investment as of 31 December	56,583	52,674
Statement of Comprehensive Income		
Sales	1,463,356	1,732,376
Cost of sales	(1,348,339)	(1,625,074)
Bank interests and commissions	(42,575)	(38,373)
Selling and distribution expenses	(58,033)	(57,900)
Profit settlement with the government- support	-	5,784
Other revenues expenses, net	29,779	20,059
Profit for the year	44,188	36,872
Attributable to the Company’s share holders	43,861	36,616
Attributable to non-controlling interests	327	256
Group’s share of profit	8,952	7,473

(In Thousands of Jordanian Dinars)

	Jordan Cement Factory	
	2019	2018
Statement of Financial Position		
Current assets	66,813	62,487
Non-current assets	82,808	94,703
Current liabilities	(153,669)	(110,445)
Non-current liabilities	(50,790)	(44,085)
Non-controlling interests	(5,147)	(4,513)
Net equity	(59,985)	(1,853)
Percentage of ownership	21.85%	21.85%
Net investment as of 31 December	-	2,745
Statement of Comprehensive Income		
Sales	63,432	61,673
Cost of sales	(62,704)	(71,534)
Administrative expenses	(9,478)	(8,819)
Selling and distribution expenses	(1,836)	(2,186)
Finance costs	(5,827)	(5,009)
Other revenues and expenses, net	(33,325)	(8,706)
Loss for the year	(49,738)	(34,581)
Attributable to Company’s shareholders	(49,808)	(35,659)
Attributable to non-controlling interests	70	1,078
Group’s share of loss	(926)	(7,791)

(In Thousands of Jordanian Dinars)

	Jordan Telecommunication Company	
	2019	2018
Statement of Financial Position		
Current assets	131,569	142,062
Non-current assets	556,845	482,238
Current liabilities	(249,858)	(284,372)
Non-current liabilities	(167,074)	(65,990)
Net equity	271,482	273,938
Percentage of ownership	28.88%	28.88%
Net investment as of 31 December	220,743	221,452
Statement of Comprehensive Income		
Revenues	318,740	324,352
Cost of services	(138,078)	(152,159)
Administrative expenses	(27,575)	(21,702)
Selling and marketing expenses	(38,469)	(39,287)
Finance income	889	653
Other revenues and expenses, net	(96,463)	(90,550)
Profit for the year	19,044	21,307
Group's share of profit	5,500	6,153

(In Thousands of Jordanian Dinars)

	Jordan Worsted Mill Factory	
	2019	2018
Statement of Financial Position		
Current assets	14,601	15,538
Non-current assets	52,126	55,370
Current liabilities	(1,799)	(1,896)
Non-current liabilities	(1,196)	(1,191)
Non-controlling interest	(4,415)	(4,753)
Net equity	59,317	63,068
Percentage of ownership	20.04%	20.03%
Net investment as of 31 December	11,369	12,120
Statement of Comprehensive Income		
Sales	6,331	6,028
Cost of sales	(4,034)	(3,297)
Administrative expenses	(1,219)	(1,207)
Selling and marketing expenses	(58)	(80)
Other revenue and expense, net	2,221	2,444
Profit for the year	3,241	3,888
Attributable to Company’s shareholders	2,869	3,455
Attributable to non-controlling interests	372	433
Group’s share of profit	575	692

(In Thousands of Jordanian Dinars)

	East Company for Investments Projects	
	2019	2018
Statement of Financial Position		
Current assets	1,735	4,183
Non-current assets	19,968	17,612
Current liabilities	(1,116)	(946)
Net equity	20,587	20,849
Percentage of ownership	26.03%	26.03%
Net investment as of 31 December	5,389	5,512
Statement of Comprehensive Income		
Operating revenues	5,593	5,889
Operating costs	(1,941)	(1,798)
Administrative expenses, maintenance, marketing and deprecation	(3,337)	(3,028)
Other revenues	102	101
Profit for the year before tax	417	1,164
Income tax expense	(92)	(226)
Profit for the year	325	938
Group’s share of profit	84	244

(In Thousands of Jordanian Dinars)

	Jordan Electricity Company	
	2019	2018
Statement of Financial Position		
Current assets	562,955	606,474
Non-current assets	612,652	591,755
Current liabilities	(672,079)	(650,090)
Non-current liabilities	(379,834)	(424,639)
Non-controlling interest	-	(14)
Net equity	123,694	123,486
Percentage of ownership	21.48%	21. 48%
Net investment as of 31 December	42,090	41,968
Statement of Comprehensive Income		
Operating revenues	135,011	972,467
Operating costs	(113,538)	(838,117)
Administrative expenses, maintenance, marketing and deprecation	(25,062)	(111,472)
Other revenues and expenses, net	12,719	(11,781)
Profit for the year before tax	9,130	11,097
Income tax expense	(1,678)	(1,780)
Profit for the year	7,452	9,317
Attributable to Company's shareholders	7,448	9,417
Attributable to non-controlling interest	-	(100)
Group's share of profit	1,601	2,023

(In Thousands of Jordanian Dinars)

(9) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	Average interest rates %	2019	2018
A- Government and public institution bonds			
Treasury bonds *	3.18 – 7.99	6,013,009	5,290,441
Public institutions bonds	3.97 – 6,48	40,620	73,202
		6,053,629	5,363,643
B- Bonds, debts and other securities:			
Private companies bonds and debts	3.6 – 10.92	151,775	131,929
Less: provision for expected credit losses**		(15,826)	(13,505)
		135,949	118,424
		6,189,578	5,482,067

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

* Treasury bonds consist of on amount of JD 219,598 thousand as of 31 December 2019, representing treasury bonds related to the unemployment fund (31 December 2018: JD 346,643 thousand).

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

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	13,505	-	-	13,505	9,395
Provision for the year	2,321	-	-	2,321	4,110
Balance as at 31 December	15,826	-	-	15,826	13,505

(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 (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. Movements on this account during the year were as follows:

	2019	2018
Cost		
Balance as at 1 January	336,741	318,719
Transfer from projects in progress	20,546	18,022
Balance as at 31 December	357,287	336,741

	2019	2018
Accumulated amortization		
Balance as at 1 January	152,210	139,014
Depreciation for the year*	13,990	13,196
Balance as at 31 December	166,200	152,210
Net book value as at 31 December	191,087	184,531

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

	2019	2018
Subscribers contribution liability	137,117	133,086
Rural fils liabilities	53,970	51,445
	191,087	184,531

(In Thousands of Jordanian Dinars)

(11) PROJECTS IN PROGRESS

This item consists of the following:

	2019	2018
Electricity connection projects *	34,368	29,104
Aqaba Touristic Beach project**	32,142	32,123
Al-Mafraq project's land infrastructure cost***	29,711	29,211
Investment Fund's Solar Energy Project	9,868	-
Development of Duty-Free Shops****	6,880	3,322
Infrastructure costs for Irbid projects*****	2,410	2,251
Crowne Plaza Resort renovation – Petra	2,366	798
Intercontinental Hotel renovation – Aqaba	315	529
Amra Crowne Plaza renovation – Amman	245	258
Crowne Plaza Hotel – Dead Sea	174	1,081
Other projects in progress	324	1,241
	118,803	99,918

* This item represents the infrastructure projects for the delivery of electricity, which are in progress as at 31 December 2019. The cost of completion of the unfinished part of the projects under progress is estimated at JD 23,795 thousand as at 31 December 2019 (31 December 2018: 25,676).

** This item represents the touristic beach project. The Group's management believes that the book value recorded is less than the land's fair value as at 31 December 2019.

*** 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 as at 31 December 2019 and 2018. The estimated cost per square meter developer is 78/12 dinar after the distribution of the estimated cost on the net land area (11.3 square kilometers). Construction is expected to be completed in 2030. The management believes that this estimate is reasonable and reflects the prices and the development cost of infrastructure for the year 2019.

**** This item represents the cost of completing Jordan Duty Free Shop's border stores. The expected cost is estimated at approximately JD 16,676 thousand as at 31 December 2019 (31 December 2018: JD 14,485 thousand). These projects are expected to be completed during the year 2020.

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

(In Thousands of Jordanian Dinars)

(12) INVENTORY

This item consists of the following:

	2019	2018
Electricity tools, material and spare parts	16,610	17,244
Finished goods	11,542	16,195
Raw materials	1,674	1,930
Food and beverage	341	310
Goods in transit	57	57
Supplies and operational tools	9	9
Others	6,188	6,826
	36,421	42,571
Less: provision for slow moving inventory*	(3,538)	(3,260)
	32,883	39,311

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

	2019	2018
Balance as at 1 January	3,260	3,180
Provision for the year	622	999
Recovered during the year	-	(5)
Inventory write off during the year	(344)	(914)
Balance as at 31 December	3,538	3,260

(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
2019-											
Cost:											
Balance as at 1 January	18,915	171,238	47,516	361,326	17,657	6,549	28,801	46,676	11,576	7,981	718,235
Additions	-	198	522	16,015	1,200	37	5,731	656	39	82	24,480
Disposal	-	-	(384)	(3,779)	(845)	(6)	(189)	(165)	(10)	(9)	(5,387)
Transfers from projects in progress	-	1,494	53	10,883	-	-	-	95	-	-	12,525
Balance as at 31 December	18,915	172,930	47,707	384,445	18,012	6,580	34,343	47,262	11,605	8,054	749,853
Accumulated depreciation:											
Balance as at 1 January	-	51,907	38,201	179,842	11,945	6,548	18,388	42,979	11,506	7,222	368,538
Depreciation for the year	-	4,053	1,023	16,337	1,615	5	2,762	740	109	103	26,747
Disposal	-	-	(374)	(1,141)	(803)	-	(184)	(164)	(10)	(7)	(2,683)
Balance as at 31 December	-	55,960	38,850	195,038	12,757	6,553	20,966	43,555	11,605	7,318	392,602
Net book value as of 31 December 2019	18,915	116,970	8,857	189,407	5,255	27	13,377	3,707	-	736	357,251
2018-											
Cost:											
Balance as at 1 January	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 as at 31 December	18,915	171,238	47,516	361,326	17,657	6,549	28,801	46,676	11,576	7,981	718,235
Accumulated depreciation:											
Balance as at 1 January	-	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 as at 31 December	-	51,907	38,201	179,842	11,945	6,548	18,388	42,979	11,506	7,222	368,538
Net book value as at 31 December 2018	18,915	119,331	9,315	181,484	5,712	1	10,413	3,697	70	759	349,697

(In Thousands of Jordanian Dinars)

(14) INVESTMENT PROPERTIES

This item consists of the following:

	2019	2018
Land held for investment	683,442	628,993
Buildings held for investment	30,078	23,790
Advance payments to purchase investment properties	3,629	3,629
Others	243	227
	717,392	656,639

Movements on investment properties during the year were as follows:

	2019	2018
Balance as at 1 January	656,639	628,431
Purchase of investments properties	57,957	16,824
Transfers to social security corporation	-	(68)
Transfers to property and equipment (note 13)	-	(854)
Transfers from investments in joint operations (note 15) *	1,098	-
Recovered lands – Lawsuits (note 32) **	13,163	-
(Losses) gains on valuation of investments properties at fair value (note 32)	(8,909)	9,802
Transfers (to) from projects in progress***	(2,556)	2,504
Balance as at 31 December	717,392	656,639

* During 2019, lands from investments in joint operations were transferred to investment property after they were sorted, and their ownership was transferred to the Fund. The lands were re-evaluated by real estate experts and were recorded at fair value.

** During 2019, lawsuits were settled in favor of the Fund, these lands represent recovered lands that the Fund had lost in the prior years.

*** During 2019, lands in investment property were transferred to projects in progress to be used to set up power plants using solar energy.

(In Thousands of Jordanian Dinars)

(15) INVESTMENTS IN JOINT OPERATIONS

Investments in joint operations are stated at cost as at 31 December 2019 and 2018, the details of these projects were as follows:

	2019	2018
Al-Zaytuna project (1) *	27	1,035
Al-Zaytuna project (2) **	1,023	997
	1,050	2,032

* During 2019, most of the project's lands were transferred to investment properties, after they were sorted and their ownership was transferred to the Investment Fund.

** It is expected that this project will be transferred to investments properties in 2020.

(16) INTANGIBLE ASSETS

2019-	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Total
Cost:						
Balance as at 1 January	8,000	39,411	8,275	4,136	28,014	87,836
Additions	-	-	10	15	-	25
Balance as at 31 December	8,000	39,411	8,285	4,151	28,014	87,861
Accumulated amortization:						
Balance as at 1 January	6,933	11,829	3,157	2,130	-	24,049
Amortization for the year	400	1,970	388	168	-	2,926
Balance as at 31 December	7,333	13,799	3,545	2,298	-	26,975
Net book value as of 31 December 2019	667	25,612	4,740	1,853	28,014	60,886

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

* This item represents the total amount paid by Jordan Duty Free Company to the General Treasury in return for granting it the exclusive right to set up duty free markets at border crossings and seaports for a period of 10 years starting from 30 August 2001. The Company has to pay 8% of its gross sales as a service fees to the General Treasury in return for such rights. During 2009, the exclusive rights agreement was extended for an additional 10 years starting from 31 August 2011 to 30 August 2021 for a payment of JD 4 million and payment of 9% of its gross monthly sales as service fees to the General Treasury except for the sales from Special Economic Zone as its subject to the Aqaba Special Economic Zone regulations. As of January 1, 2018, the Company is committed to pay 10.5% of its monthly gross sales to the Ministry of Finance.

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

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

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

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

1- Goodwill resulting from the acquisition of Electricity Distribution Company by Kingdom Electricity Company for Energy Investment with a total amount of JD 5,271 Thousand. This Company was identified as a cash – generating unit for the purpose of Goodwill impairment testing. Where Kingdom Electricity Company for Energy Investment performed a goodwill impairment test as at 31 December 2019 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 2019 that was approved by the Board of Directors. Cash flows after the year 2019 was calculated using a growth rate of 1%. 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 12% and a growth rate of 3%. Based on the impairment testing results, no impairment losses were recognized as a result of the acquisition.

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

(In Thousands of Jordanian Dinars)

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

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

(17) OTHER ASSETS

This item consists of the following:

	2019	2018
Trade receivables	396,249	453,916
Accrued revenues and interests*	130,949	94,671
Prepaid expenses	25,661	28,237
Right of use assets	8,258	-
Checks under collection	4,080	4,014
Housing Fund deposits	2,805	2,945
Deferred tax assets	2,457	2,157
Other debt balances	2,513	2,229
	572,972	588,169
Less: provision for expected credit losses **	(28,777)	(25,451)
	544,195	562,718

* This item includes an amount of JD 2,687 thousand as of 31 December 2019, which represents accrued interests related to Unemployment Fund (31 December 2018: JD 4,744 thousand).

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

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	25,451	-	-	25,451	20,615
Provision for the year	3,353	-	-	3,353	4,836
Receivables written-off	(27)	-	-	(27)	-
Balance as at 31 December	28,777	-	-	28,777	25,451

(In Thousands of Jordanian Dinars)

(18) ELECTRICITY SERVICE SUBSCRIBERS' DEPOSITS

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

(19) ADVANCE PAYMENTS FROM ELECTRICITY SUBSCRIBERS

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

(20) DUE TO NATIONAL ELECTRIC POWER COMPANY

This item represents the amounts due from the subsidiaries of Kingdom Electricity Company for Energy Investments, in addition to interest on late payments related to purchased energy from National Electric Power Company (NEPCO). Interest penalties amounted to JD 89,767 thousand as at 31 December 2019 (31 December 2018: JD 72,278 thousand).

(21) BANK LOANS

This item consists of the following:

	31 December 2019		
	Loan Installments		
	Short term	Long term	Total
Arab Bank	163	1,516	1,679
Jordan Kuwait Bank	3,111	18,666	21,777
Housing Bank for Trade and Finance	6,000	22,000	28,000
Bank of Jordan	300	-	300
Jordan Commercial Bank	188	-	188
	9,762	42,182	51,944

	31 December 2018		
	Loan Installments		
	Short term	Long term	Total
Arab Bank	381	800	1,181
Jordan Kuwait Bank	3,111	21,778	24,889
Housing Bank for Trade and Finance	6,000	26,000	32,000
Jordan Commercial Bank	92	367	459
	9,584	48,945	58,529

Arab Bank

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

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

Jordan Kuwait Bank

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

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

Housing Bank for Trade and Finance

This item represents loan amount granted to Electricity Distribution Company (a subsidiary of Kingdom Electricity Company for Energy Investments) on 24 November 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 till the maturity date an interest rate as the granted rate to the bank's top customers less 3% with a minimum rate of 5.25% annually. The loan is repayable over 20 equal semi-annual installments, the first installment was due on 31 December 2016, the interest is payable every six months.

Bank of Jordan

This item represents the amount of loan granted to the Jordan Press Foundation / Al Rai on December 2019 from Bank of Jordan with an amount of JD 390 thousand and an annual interest rate of 9%. The loan is repayable over three monthly installments of JD 100 thousand expect for last installment which represents the remaining amount of loan. The first installment is due on 15 January 2020 and the last installment is due on 15 March 2020. The purpose of the loan is to finance the Company's expenses.

(In Thousands of Jordanian Dinars)

Jordan Commercial Bank

This item represents the amount of loan granted to the Jordan Press Foundation / Al Rai on 6 March 2018 from Jordan Commercial Bank with 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.

On 28 May 2019, the Company rescheduled the loan, and increased the loan balance to become JD 192 thousand with an interest rate of 10.25%. The loan is repayable over nine monthly installments of JD 22 thousand expect for last installment which represents the remaining amount of loan. The first installment is due on 29 June 2019. The loan was used to pay for policies.

(22) END OF SERVICE INDEMNITY PROVISION

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

	2019	2018
Balance as at 1 January	15,044	12,450
Provision for the year *	2,304	3,381
Paid during the year	(2,467)	(787)
Balance as at 31 December	14,881	15,044

* Kingdom Electricity Company for Energy Investments capitalized an amount of JD 435 thousand to projects in progress as of 31 December 2019 (31 December 2018: JD 668 thousand).

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

	2019	2018
Expenses in the consolidated statement of revenues and expenses (note 34)	1,869	2,713
Capitalized to projects in progress	435	668
	2,304	3,381

(In Thousands of Jordanian Dinars)

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

	2019	2018
Deduction rate	5.5%	6.6%
Mortality rate	0.13%	0.13%
Annual increments to salaries rate	5%	5%
Resignation rate	7%	7%
The percentage of the Company's contribution to social security net of employees' end of service indemnity	9%	9%

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

	Impact on the current value of employees' end of service indemnity provision	
Increase by a rate of 1% in	2019	2018
Deduction	(1,407)	(3,014)
Salaries	1,388	3,871
Resignations	536	10

	Impact on the current value of employees' end of service indemnity provision	
Decrease by a rate of 1% in	2019	2018
Deduction	1,769	3,885
Salaries	(1,648)	(3,053)
Resignations	(536)	(11)

(23) DUE TO BANKS

This item represents credit facilities granted to Kingdom Electricity Company for Energy Investments and its subsidiaries from local banks, in addition to amounts granted to Jordan Press Foundation / AL-Rai and National Company for Touristic Development with annual interest rates that ranges between 6.6% and 9.25%. The aggregate ceilings for these facilities amounted to JD 105 million as at 31 December 2019 (31 December 2018: JD 70 million).

(In Thousands of Jordanian Dinars)

(24) OTHER LIABILITIES

This item consists of the following:

	2019	2018
Trade payables	28,394	17,459
Revenues and grants received in advance	26,236	27,973
Lease contract obligations	8,416	-
Waste fees	5,385	7,008
Governmental provisions and fees	3,944	1,326
Rural fils payable	3,805	2,806
Due to the Ministry of Finance – television fees	3,035	3,092
Projects deposits	2,957	2,957
Accrued expenses	2,168	3,724
Contractors payables and retentions	1,065	743
Other credit balances	44,734	50,359
	130,139	117,447

(25) PROPERTY AND EQUIPMENT REVALUATION RESERVE

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

(26) FAIR VALUE RESERVE

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

	2019	2018
Balance as at 1 January	329,620	271,177
Change in fair value of financial assets through other comprehensive income	(152,784)	64,523
Gains realized from sale of financial assets through other comprehensive income	(3)	(6,080)
Balance as at 31 December	176,833	329,620

(In Thousands of Jordanian Dinars)

(27) SOCIAL SECURITY CORPORATION ACCOUNT, UNEMPLOYMENT FUND

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

Movements during the years 2019 and 2018 were as follows:

	2019	2018
Balance as at 1 January	351,901	293,029
Net cash transferred during the year (to) from the Corporation to Unemployment Fund	(113,971)	44,003
Unemployment fund's share of Investment Fund's returns	18,681	14,869
Balance as at 31 December	256,611	351,901

(28) MATERIAL PARTIALLY OWNED SUBSIDIARIES

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

			Percentage of non-controlling interest	
	Country	Nature of activity	2019	2018
Kingdom Electricity for Energy Investments*	Jordan	Energy	30%	-
Jordan Press Foundation / AL-Rai	Jordan	Press and publishing	45.07%%	45.07%
Jordan Duty Free Shops	Jordan	Trading	42.91%	42.91%
Al Daman for Investment	Jordan	Investment and renting	38.6%	38.6%

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

	2019	2018
Accumulated balance for non-controlling interests		
Kingdom Electricity for Energy Investments*	10,897	-
Jordan Press Foundation / AL-Rai	6,483	9,000
Jordan Duty Free Shops	31,371	30,513
Al Daman for Investment	4,109	4,131

	2019	2018
Material gains (losses) attributable to non-controlling interests		
Kingdom Electricity for Energy Investments*	2,123	-
Jordan Press Foundation / AL-Rai	(2,517)	(2,530)
Jordan Duty Free Shops	10,512	12,176
Al Daman for Investment	55	119

(In Thousands of Jordanian Dinars)

* The Board of Directors of Daman for Energy Investment decided in its meeting number 2/2019 held on 17 February 2019 to voluntarily to liquidate the Company. The General assembly approved in its meeting held on 21 April 2019 to approve the liquidation of the Company, and thus all of the Company's assets (which mainly comprises of the shares of Kingdom Electricity Company and current accounts) to the Social Security Investments Fund, which made Kingdom Electricity Company directly a subsidiary to the Fund.

	Kingdom Electricity for Energy Investments	
Condensed statement of financial position	2019	2018
Current assets	391,358	456,804
Non-current assets	524,504	504,504
Current liabilities	(476,447)	(518,669)
Non-current liabilities	(380,172)	(379,504)
Net equity	45,065	63,135
Share of non-controlling interests in equity	10,897	-
Condensed statement of comprehensive income		
Operating revenues	586,803	563,535
Operating expenses	(496,794)	(472,205)
Administrative expenses	(37,549)	(35,846)
Late interest charges	(17,490)	(21,749)
Finance cost	(10,539)	(9,281)
Other revenues and expenses, net	(13,464)	(10,280)
Income for the year before income tax	10,967	14,174
Income tax	(2,061)	(3,189)
Income for the year	8,906	10,985
Other comprehensive income items	(4,100)	(181)
Total comprehensive income for the year	4,806	10,804
Attributable to the Company's share holders	3,833	8,923
Attributable to non-controlling interests	973	1,881
Non-controlling interests' share of operating results	2,123	-
Condensed statement of cash flows:		
Operating activities	77,824	63,238
Investing activities	(58,014)	(50,761)
Financing activities	(26,189)	(23,323)
Net decrease in cash and cash equivalents	(6,379)	(10,846)

(In Thousands of Jordanian Dinars)

	Jordan Press Foundation / AL-Rai	
Condensed statement of financial position	2019	2018
Current assets	3,853	4,468
Non-current assets	29,080	31,294
Current liabilities	(16,839)	(14,319)
Non-current liabilities	(1,711)	(1,474)
Net equity	14,383	19,969
Share of non-controlling interests in equity	6,483	9,000
Condensed statement of comprehensive income		
Revenue	8,496	10,144
Cost of revenues	(9,353)	(10,104)
Administrative expenses	(3,490)	(4,817)
Selling and distribution expenses	(420)	(533)
Other revenues and expenses, net	(818)	(305)
Loss for the year before income tax	(5,585)	(5,615)
Income tax	-	-
Loss for the year	(5,585)	(5,615)
Other comprehensive income items	-	-
Total comprehensive income for the year	(5,585)	(5,615)
Non-controlling interests' share of operating results	(2,517)	(2,530)
Condensed statement of cash flows		
Operating activities	(353)	655
Investing activities	75	(6)
Financing activities	400	(411)
Net increase in cash and cash equivalents	122	238

(In Thousands of Jordanian Dinars)

	Jordan Duty Free Shops	
	2019	2018
Condensed statement of financial position		
Current assets	59,272	61,187
Non-current assets	24,375	15,333
Current liabilities	(4,249)	(4,893)
Non-current liabilities	(6,286)	(514)
Net equity	73,112	71,113
Share of non-controlling interests in equity	31,371	30,513
Condensed statement of comprehensive income		
Sales	92,008	101,831
Cost of sales	(57,135)	(63,577)
Administrative expenses	(4,818)	(4,978)
Selling and distribution expenses	(5,316)	(5,546)
Other revenues and expenses, net	348	1,129
Profit for the year before tax	25,087	28,859
Income tax expense	(588)	(482)
Profit for the year	24,499	28,377
Other comprehensive income items	-	-
Total comprehensive income for the year	24,499	28,377
Non-controlling interests' share of operating results	10,512	12,176
Condensed statement of cash flows:		
Operating activities	29,067	22,074
Investing activities	4,594	(5,277)
Financing activities	(23,418)	(18,000)
Net increase (decrease) in cash and cash equivalents	10,243	(1,203)

(In Thousands of Jordanian Dinars)

	Al Daman for Investment	
	2019	2018
Condensed statement of financial position	JD	JD
Current assets	3,037	2,858
Non-current assets	9,263	7,989
Current liabilities	(1,656)	(145)
Net equity	10,644	10,702
Share of non-controlling interests in equity	4,109	4,131
Condensed statement of comprehensive income		
Operating revenues	483	469
Operating expenses	(281)	(388)
Administrative expenses	(175)	(171)
Share of associate’s results	84	244
Other revenues and expenses, net	26	180
Profit for the year	137	334
Other comprehensive income items	5	(25)
Total comprehensive income for the year	142	309
Non-controlling interests’ share of operating results	55	119
Condensed statement of cash flows:		
Operating activities	274	(48)
Investing activities	106	(387)
Financing activities	(300)	(400)
Net increase (decrease) in cash and cash equivalents	80	(835)

(In Thousands of Jordanian Dinars)

(29) NET OPERATING REVENUES

2019-	Hotels sector	Press & publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
Operating revenues	39,643	8,496	586,803	82,354	3,165	720,461
Operating expenses	(14,945)	(7,212)	(496,794)	(47,482)	(253)	(566,686)
Net operating revenues	24,698	1,284	90,009	34,872	2,912	153,775

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

	Amman Al Cham 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	9,157	8,556	4,865	9,816	6,327	39,643
Operating expenses	(476)	(3,256)	(3,012)	(1,587)	(4,053)	(2,561)	(14,945)
Net operating revenues	446	5,901	5,544	3,278	5,763	3,766	24,698

2018-	Hotels sector	Press & publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
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)
Net operating revenues	22,184	2,179	91,330	38,254	1,646	155,593

(30) INTEREST INCOME

This item consists of the following:

	2019	2018
Interest on bonds and treasury bills*	340,715	283,015
Interest on balances and deposits at banks and financial institutions*	84,395	63,161
Interest on loans and granted debts	13,420	9,284
	438,530	355,460

* These items contain an amount of JD 18,879 thousand for the year ended 31 December 2019 representing interest income to the unemployment fund (2018: JD 14,892 thousand).

(In Thousands of Jordanian Dinars)

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

This item consists of the following:

	2019	2018
Realized gains	67	26
Unrealized revaluation losses	(2,071)	(13,405)
Commissions on purchasing and selling	(4)	(17)
	(2,008)	(13,396)

(32) GAINS ON INVESTMENT PROPERTIES, NET

This item consists of the following:

	2019	2018
Revenues:		
Leased properties revenue	3,151	1,791
Recovered lands – lawsuits (note 14)	13,163	-
Expenses:		
Management fees, evaluation and other fees	(478)	(343)
(Losses) gains on investment properties valuation at fair value (note 14)	(8,909)	9,802
	6,927	11,250

(33) DIVIDENDS DISTRIBUTION

This item consists of the following:

	2019	2018
Dividends from financial assets through other comprehensive income	73,906	65,301
Dividends from financial assets through profit or loss	7,210	6,680
	81,116	71,981

(In Thousands of Jordanian Dinars)

(34) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2019	2018
Salaries, wages and employees' benefits	51,960	49,429
Vehicles and transportation expenses	3,632	3,750
End of service indemnity (note 22)	1,869	2,713
Governmental fees and licenses	1,854	1,682
Professional and consultancy fees	1,681	1,307
Insurance expense	1,393	952
Electricity, water and fuel	1,061	1,026
Hotels supervision and operating fees	997	914
Spare parts and material	728	519
Depreciation of right of use asset	728	-
Telephone and mail	718	742
Board of Director's remuneration and transportation	710	831
Interest on lease contracts obligations	687	-
Stationery and printings	378	443
Training and courses expense	233	275
Repair and maintenance	137	194
Rent	112	228
Others	8,586	6,808
	77,464	71,813

(35) BANK CHARGES, COMMISSIONS AND INTEREST

This item includes finance costs and delay interests on repayments of energy bills of Kingdom Electricity Company for Energy Investments amounting to JD 26,286 thousand as at 31 December 2019 (2018: JD 29,269 thousand)

(36) CASH AND CASH EQUIVALENTS

This item consists of the following:

	2019	2018
Cash on hand, current and on demand accounts (note 3)	24,747	14,682
Deposits maturing within three months or less (note 4)	166,128	499,900
	190,875	514,582

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

	2019	2018
Cash and cash equivalents	190,875	514,582
Due to banks (note 23)	(67,468)	(61,032)
	123,407	453,550

(In Thousands of Jordanian Dinars)

(37) RELATED PARTIES TRANSACTIONS

Related parties transactions represent transactions with associate companies, major shareholders, directors and key management personnel and companies of which they are principal owners. 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:

	2019				2018
Consolidated Statements of financial position items	Parent	Associates	Others	Total	Total
Assets and liabilities:					
Bank balances and deposits-					
Jordan Kuwait Bank (current account)	-	-	2	2	2
Jordan Kuwait Bank (deposits)	-	-	50,663	50,663	51,834
Due from related parties-					
Al-Zarqa Station for Electrical Power Generation Company	-	110	-	110	-
InterContinental Hotels Group	-	-	14	14	-
Jordan Solar Company	-	-	-	-	131
Electrical Equipment Industries	-	-	-	-	40
				124	171
Loans-					
Social Security Corporation	70,000	-	-	70,000	50,000
Jordan Kuwait Bank (Note 21)	-	21,777	-	21,777	24,889
Consolidated statement of revenue and expenses items					
Interest-					
Current account at Jordan Kuwait Bank	-	5	-	5	2
Deposits at Jordan Kuwait Bank	-	3,386	-	3,386	2,249
Social Security Corporation	2,204	-	-	2,204	1,753
Executive management salaries and remunerations	-	-	790	790	840
Investment Board remunerations	-	-	117	117	112
Cash dividends-					
Jordan Petroleum Refinery Co.	-	5,102	-	5,102	4,081
The Jordan Worsted Mills Factory	-	676	-	676	676
Jordan Telecommunication Co.	-	6,209	-	6,209	6,931
Jordan Kuwait Bank	-	4,208	-	4,208	4,208
East Company for Investment Projects	-	208	-	208	220
Jordanian Electric Power Co.	-	1,479	-	1,479	897

- During 2019, the Group purchased a property amounting to JD 8.5 million from Jordan Kuwait Bank (associate company).

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

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

(39) RISK MANAGEMENT

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

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

In addition, the Group also ensures the compliance with laws and regulations that governs the Group's activities which is reflected it 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 investment committee.

CREDIT RISK

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

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

OPERATING RISK

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

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

(In Thousands of Jordanian Dinars)

MARKET RISK

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

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

INTEREST RATE RISK

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

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

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

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

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

2019-

Currency	Increase in interest rate	Impact on surplus of revenues over expenses for the year	Impact on owners' equity
	%		
JD	1	75,632	75,632
USD	1	3,735	3,735

2018-

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

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.

(In Thousands of Jordanian Dinars)

SHARE PRICE RISK

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

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

2019-	Change in indicator	Effect on surplus of revenues over expenses for the year	Effect on Social Security Corporation equity
	%		
Indicator			
Amman Stock Exchange	5	5,827	66,611
Palestine Stock Exchange	5	409	409
London Stock Exchange	5	-	3,731
		6,236	70,751

2018-	Change in indicator	Effect on surplus of revenues over expenses for the year	Effect on Social Security Corporation equity
	%		
Indicator			
Amman Stock Exchange	5	5,885	72,193
Palestine Stock Exchange	5	433	433
London Stock Exchange	5	-	3,077
		6,318	75,703

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

FOREIGN CURRENCY RISK

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

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

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

2019-	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Without maturity	Total
Assets								
Cash and bank balances	24,747	-	-	-	-	-	-	24,747
Deposits at banks and financial institutions	-	166,128	749,261	547,578	-	-	-	1,462,967
Financial assets at fair value through profit or loss	-	-	-	-	-	-	124,711	124,711
Loans and granted debts	4,018	14,474	1,500	16,524	89,312	133,624	-	259,452
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,349,321	1,349,321
Investments in associates	-	-	-	-	-	-	475,496	475,496
Financial assets at amortized cost	25,000	40,200	22,000	386,500	1,080,092	4,635,786	-	6,189,578
Subscribers' contributions and rural fils assets	-	-	-	-	-	-	191,087	191,087
Projects in progress	-	-	-	-	-	-	118,803	118,803
Inventory	-	-	-	-	-	-	32,883	32,883
Property and equipment	-	-	-	-	-	-	357,251	357,251
Investments properties	-	-	-	-	-	-	717,392	717,392
Investments in joint operations	-	-	-	-	-	-	1,050	1,050
Due from related parties	-	-	-	-	-	-	124	124
Intangible assets	-	-	-	-	-	-	60,886	60,886
Other assets	-	-	-	-	-	-	544,195	544,195
Total Asset	53,765	220,802	772,761	950,602	1,169,404	4,769,410	3,973,199	11,909,943
Liability and Equity								
Liability-								
Subscribers' contributions and rural fils assets	-	-	-	-	-	191,087	-	191,087
Electricity service subscribers' deposits	-	-	-	-	-	70,324	-	70,324
Advance payments from electricity subscribers	-	-	-	-	-	26,325	-	26,325
Due to National Electric Power Company	-	-	-	-	-	351,425	-	351,425
Bank loans	-	-	-	9,762	-	42,182	-	51,944
End of service indemnity provision	-	-	-	-	-	14,881	-	14,881
Due to banks	67,468	-	-	-	-	-	-	67,468
Income tax provision	-	-	3,356	-	-	-	-	3,356
Other liabilities	-	-	-	-	-	130,139	-	130,139
Total liabilities	67,468	-	3,356	9,762	-	826,363	-	906,949
Equity-								
Social Security Corporation Equity:								
Social Security Corporation current account	-	-	-	-	-	-	6,286,910	6,286,910
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	256,611	256,611
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	176,833	176,833
Cash flow hedges reserve	-	-	-	-	-	-	(2,997)	(2,997)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,198,551	4,198,551
Total Social Security Sectors Corporation Equity	-	-	-	-	-	-	10,947,720	10,947,720
Non-controlling interests	-	-	-	-	-	-	55,274	55,274
Total liabilities and equity	67,468	-	3,356	9,762	-	826,363	11,002,994	11,909,943

(In Thousands of Jordanian Dinars)

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	Without maturity	Total
Assets								
Cash and bank balances	14,682	-	-	-	-	-	-	14,682
Deposits at banks and financial institutions	-	499,900	616,617	336,337	-	-	-	1,452,854
Financial assets at fair value through profit or loss	-	-	-	-	-	-	126,361	126,361
Loans and granted debts	4,012	1,939	1,494	10,940	36,831	128,520	-	183,736
Financial asset at fair value through other 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 fils assets	-	-	-	-	-	184,531	-	184,531
Projects in progress	-	-	-	-	-	-	99,918	99,918
Inventory	-	-	-	-	-	-	39,311	39,311
Property and equipment	-	-	-	-	-	-	349,697	349,697
Investments properties	-	-	-	-	-	-	656,639	656,639
Investments in joint operations	-	-	-	-	-	-	2,032	2,032
Due from related parties	-	-	-	-	-	171	-	171
Intangible assets	-	-	-	-	-	-	63,787	63,787
Other assets	-	-	-	-	-	-	562,718	562,718
Total Asset	95,623	605,689	1,067,942	747,421	1,677,088	3,124,278	3,824,900	11,142,941
Liability and Equity								
Liability-								
Subscribers' contributions and rural fils 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
Bank loans	80	206	4,842	5,402	18,443	29,556	-	58,529
End of service indemnity provision	-	-	-	-	-	-	15,044	15,044
Due to banks	61,032	-	-	-	-	-	-	61,032
Income tax provision	-	-	4,367	-	-	-	-	4,367
Other liabilities	-	-	-	-	-	-	117,447	117,447
Total liabilities	61,112	206	9,209	5,402	18,443	705,894	132,491	932,757
Equity-								
Social Security Corporation Equity:								
Social Security Corporation current account	-	-	-	-	-	-	5,769,686	5,769,686
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	351,901	351,901
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	329,620	329,620
Cash flow hedges reserve							(127)	(127)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	3,668,362	3,668,362
Total Social Security Sectors Corporation Equity	-	-	-	-	-	-	10,151,254	10,151,254
Non-controlling interests	-	-	-	-	-	-	58,930	58,930
Total liabilities and equity	61,112	206	9,209	5,402	18,443	705,894	10,342,675	11,142,941

(In Thousands of Jordanian Dinars)

Sensitivity of interest prices were as follows:

2019-	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non-interest bearing	Total
Assets								
Cash and bank balances	24,747	-	-	-	-	-	-	24,747
Deposits at banks and financial institutions	-	166,128	749,261	547,578	-	-	-	1,462,967
Financial assets at fair value through profit or loss	-	-	-	-	-	-	124,711	124,711
Loans and granted debts	4,018	14,474	1,500	16,524	89,312	133,624	-	259,452
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,349,321	1,349,321
Investments in associates	-	-	-	-	-	-	475,496	475,496
Financial assets at amortized cost	25,000	40,200	22,000	386,500	1,080,092	4,635,786	-	6,189,578
Subscribers' contributions and rural fils assets	-	-	-	-	-	-	191,087	191,087
Projects in progress	-	-	-	-	-	-	118,803	118,803
Inventory	-	-	-	-	-	-	32,883	32,883
Property and equipment	-	-	-	-	-	-	357,251	357,251
Investment property	-	-	-	-	-	-	717,392	717,392
Investments in joint operations	-	-	-	-	-	-	1,050	1,050
Due from related parties	-	-	-	-	-	-	124	124
Intangible assets	-	-	-	-	-	-	60,886	60,886
Other assets	-	-	-	-	-	-	544,195	544,195
Total Asset	53,765	220,802	772,761	950,602	1,169,404	4,769,410	3,973,199	11,909,943
Liability and equity								
Liability-								
Subscribers' contributions and rural fils assets	-	-	-	-	-	191,087	-	191,087
Electricity service subscribers' deposits	-	-	-	-	-	70,324	-	70,324
Advance payment from electricity subscribers	-	-	-	-	-	26,325	-	26,325
Due to National Electric Power Company	-	-	-	-	-	351,425	-	351,425
Bank loans	-	-	-	9,762	-	42,182	-	51,944
End of service indemnity provision	-	-	-	-	-	14,881	-	14,881
Due to banks	67,468	-	-	-	-	-	-	67,468
Income tax provision	-	-	-	-	-	3,356	-	3,356
Other liabilities	-	-	-	-	-	130,139	-	130,139
Total Liabilities	67,468	-	-	9,762	-	829,719	-	906,949
Equity-								
Social Security Corporation Equity:								
Social Security Corporation current account	-	-	-	-	-	-	6,286,910	6,286,910
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	256,611	256,611
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	176,833	176,833
Cash flow hedges reserve	-	-	-	-	-	-	(2,997)	(2,997)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,198,551	4,198,551
Total Social Security Corporation Equity	-	-	-	-	-	-	10,947,720	10,947,720
Non-controlling interests	-	-	-	-	-	-	55,274	55,274
Total liabilities and equity	67,468	-	-	9,762	-	829,719	11,002,994	11,909,943
Sensitivity variance	(13,703)	220,802	772,761	940,840	1,169,404	3,939,691	(7,029795)	-
Cumulative sensitivity variance	(13,703)	207,099	979,860	1,920,700	3,090,104	7,029,795	-	-

(In Thousands of Jordanian Dinars)

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
Assets								
Cash and bank balances	14,682	-	-	-	-	-	-	14,682
Deposits at banks and financial institutions	-	499,900	616,617	336,337	-	-	-	1,452,854
Financial assets at fair value through profit or loss	-	-	-	-	-	-	126,361	126,361
Loans and granted debts	4,012	1,939	1,494	10,940	36,831	128,520	-	183,736
Financial asset at fair value through other 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 fils assets	-	-	-	-	-	184,531	-	184,531
Projects in progress	-	-	-	-	-	-	99,918	99,918
Inventory	-	-	-	-	-	-	39,311	39,311
Property and equipment	-	-	-	-	-	-	349,697	349,697
Investments properties	-	-	-	-	-	-	656,639	656,639
Investments in joint operations	-	-	-	-	-	-	2,032	2,032
Due from related parties	-	-	-	-	-	171	-	171
Intangible assets	-	-	-	-	-	-	63,787	63,787
Other assets	-	-	-	-	-	-	562,718	562,718
Total Asset	95,623	605,689	1,067,942	747,421	1,677,088	3,124,278	3,824,900	11,142,941
Liability and equity								
Liability-								
Subscribers' contributions and rural fils 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
Bank loans	80	206	4,842	5,402	18,443	29,556	-	58,529
End of service indemnity provision	-	-	-	-	-	-	15,044	15,044
Due to banks	61,032	-	-	-	-	-	-	61,032
Income tax provision	-	-	-	-		-	4,367	4,367
Other liabilities	-	-	-	-	-	-	117,447	117,447
Total liabilities	61,112	206	4,842	5,402	18,443	705,894	136,858	932,757
Equity-								
Social Security Corporation Equity:								
Social Security Corporation current account	-	-	-	-	-	-	5,769,686	5,769,686
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	351,901	351,901
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	329,620	329,620
Cash flow hedges reserve							(127)	(127)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	3,668,362	3,668,362
Total Social Security Corporation Equity	-	-	-	-	-	-	10,151,254	10,151,254
Non-controlling interests	-	-	-	-	-	-	58,930	58,930
Total liabilities and equity	61,112	206	4,842	5,402	18,443	705,894	10,347,042	11,142,941
Sensitivity variance	34,511	605,483	1,063,100	742,019	1,658,645	2,418,384	(6,522,142)	-
Cumulative sensitivity variance	34,511	639,994	1,703,094	2,445,113	4,103,758	6,522,142	-	-

(In Thousands of Jordanian Dinars)

(40) SEGMENT INFORMATION

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

	31 December 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
Geographical region				
Inside Jordan	11,827,158	906,949	11,072,736	932,757
Arab countries	8,171	-	8,658	-
Europe	74,614	-	61,547	-
	11,909,943	906,949	11,142,941	932,757

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

	31 December 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
Economic sector				
Investment	10,599,770	6,782	9,793,758	3,627
Hotels	115,313	4,708	116,179	3,371
Press and publishing	32,932	18,550	35,762	15,794
Energy	938,604	821,087	985,486	861,977
Trading	83,647	10,536	76,520	5,407
Other	139,677	45,286	135,236	42,581
	11,909,943	906,949	11,142,941	932,757

(41) CONTINGENT LIABILITIES

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

A. As at 31 December 2019, the outstanding letters of credit and letters of guarantee were JD 12,811 thousand (2018: 21,375 thousand).

B. The expected remaining obligations to complete projects in progress for subsidiaries and Hotels owned by the Fund as at 31 December 2019 amounted to JD 256,739 thousand (2018: JD 207,634 thousand).

C. Operating lease commitment for Al Daman for Investments:

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

(In Thousands of Jordanian Dinars)

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

	31 December	
	2019	2018
Less than 1 year	103	88
1 to 5 years	513	493
Over 5 years	31,214	31,325
	31,830	31,906

(42) FAIR VALUE HIERARCHY

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

- Level (1): Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level (2): Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level (3): Valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable

	Level (1)	Level (2)	Level (3)	Total
2019 -				
Financial assets:				
Financial assets through profit or loss	124,711	-	-	124,711
Financial assets through other comprehensive income	1,290,303	-	59,018	1,349,321
	1,415,014	-	59,018	1,474,032
2018 -				
Financial assets:				
Financial assets through profit or loss	126,361	-	-	126,361
Financial assets through other comprehensive income	1,387,702	-	60,595	1,448,297
	1,514,063	-	60,595	1,574,658

(43) LITIGATIONS

Social Security Investment Fund

There are lawsuits against the Fund with an approximate amount of JD 335 thousand as at 31 December 2019 (31 December 2018: JD 345 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 1,143 thousand as at 31 December 2019 (31 December 2018: JD 1,142 thousand). Management and legal counsel believe that no obligations shall arise from these lawsuits.

Jordan Duty Free Shops – Subsidiary

a. There are labor lawsuits raised against Jordan Duty Free Company with an amount of JD 26 thousand. Management and legal counsel believe that the existing provision is sufficient against these lawsuits.
b. There are lawsuits related to customs raised against the Company with an amount of JD 19 thousand. Management and legal counsel believe that no obligations will arise from these lawsuits.

National Company for Tourism Development – Subsidiary

There are lawsuits against the Company amounting to JD 23 thousand as at 31 December 2019 related to claims by lessees (31 December 2018: JD 14 thousand).

Kingdom Electricity for Energy Investments – Subsidiary

There are lawsuits against the Group related to its activities with a total amount of JD 501 thousand as at 31 December 2019 (31 December 2018: JD 507 thousand), Management and legal counsel believe that the current lawsuit provision 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.

Crown Plaza Resort – Dead Sea – Fully Owned Hotel

There are lawsuits raised against the resort amounting to JD 3 thousand as at 31 December 2019 (31 December 2018: 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 107 thousand as at 31 December 2019 (31 December 2018: JD 69 thousand) related to the resort activities. Risks related to these lawsuits and their probability of occurrence were analyzed. Management and legal counsel believe that no obligations will arise from these lawsuits.

Holiday Inn Resort - Dead Sea – Fully Owned Hotel

There are lawsuits raised against the resort amounting to JD 4 thousand as at 31 December 2019 (31 December 2018: JD 2 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 material 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 16 thousand as at 31 December 2019 (31 December 2018: JD 5 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 8 thousand as at 31 December 2019 (31 December 2018: JD 21 thousand). Management and legal counsel believe that no additional provisions should be recognized against these lawsuits.

(In Thousands of Jordanian Dinars)

(44) INCOME TAX PROVISION

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

	2019	2018
Balance as at 1 January	4,367	3,836
Prior years income tax	-	873
Income tax expense for the year	4,039	4,352
Income tax paid	(5,050)	(4,694)
Balance as at 31 December	3,356	4,367

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

	2019	2018
Provision for the year	4,039	4,352
Change in deferred tax assets	(300)	-
Prior year income tax	-	873
	3,739	5,225

Tax Position of the Group

Social Security Investment Fund

The income tax provision for the year ended 31 December 2019 has been calculated in accordance with income tax law No. (38) of 2018 which have amended the Income Tax Law No. (34) of 2014. Management believes that the provision amounting to JD 769 thousand is sufficient and there is no need to recognize additional provision. Noting that most of the Fund’s activities are tax exempted in accordance with the Income Tax Law.

The Fund submitted its tax declarations for the years 2018, 2017, 2016 and 2015. The Income and Sales Tax Department has not reviewed the records up to the date of these consolidated financial statements.

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

Kingdom Electricity Company for Energy Investments

The Company obtained a final income tax clearance with the Income and Sales Tax Department up to the year 2018.

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

The Company obtained a final tax clearance up to the year 2017. The Income and Sales Tax Department did not review the Company's accounting records for the year 2018 until the date of these consolidated financial statements, as it was accepted based on the samples system.

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

The Company has obtained a final clearance from the Income and Sales Tax Department up to the year 2016. The Company submitted its tax deceleration to the Income and Sales Tax Department for the years 2018 and 2017. The Income and Sales Tax Department has not reviewed the Company's accounting records for the year 2018 until the date of these consolidated financial statements

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

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

Jordan Press Foundation / Al Rai – Subsidiary

Income tax provision was not calculated for the year ended 31 December 2019 due to the excess of taxable expenses over taxable income in accordance with the Income Tax Law No. (38) Of 2018.

Income tax provision was not calculated for the year ended 31 December 2018 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 up to 2018. 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 2017.

Jordan Duty Free Shops (public shareholding company) – Subsidiary

Income tax is calculated on interest income and other income for the years ended 31 December 2019 and 31 December 2018. The income tax was adjusted starting 1 January 2019 to be 20% for income tax, in addition to 1% national contribution, to become 21% in total according to the Jordanian tax law (34) for 2014, amended by law (38) for 2018.

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

The Group reached a final settlement with the Income and Sales Tax Department for the years 2004 up to the year 2016.

An amount of JD 481 thousand was estimated as tax claim for the years 2008 and 2009, whereby the Income and Sales Tax Department included the interest income and other income as part of the income tax calculation. The tax claim was rejected and the rejection was refused by the Income Tax Department, and hence the Group has filed a lawsuit against the Income and Sales Tax Department at the Tax Court of First Instance and the Court has decided to cancel the claim; The Income Tax Department appealed the judgment and no final decision was made by the Tax Appeals Court un to the date of these consolidated financial statements.

The Income Tax Department has not reviewed the income tax declaration for the year 2018 up to the date of these consolidated financial statements.

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 2016, 2017 and 2018 and the Income and Sales Tax Department still has not reviewed those declarations.

Income tax provision was not calculated for the year ended 31 December 2019 due to the excess of taxable expenses over taxable income in accordance with the Income Tax Law No. (38) Of 2018.

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 2016, 2017 and 2018, which was not yet audited by the Income and Sales Tax Department up to the date of these consolidated financial statements.

Al-Daman for Investments – Subsidiary

Income tax for the years ended 31 December 2019 and 2018 was not calculated due to the Company having accumulated losses in accordance with Income Tax Law No. (38) of 2018 and 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 2018, except for the year 2017 which was not reviewed by the Income and Sales Tax Department up to the date of these consolidated financial statements.

Tax declarations related to the Company's activities in Aqaba were submitted for the years 2018 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 is provision was calculated for the year ended 31 December 2019 in accordance with the income and Sales Tax Law No (38) of 2018. The income tax rate is 20% for income tax, in addition to 1% national contribution.

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.

Al-Daman for Development Zone – Subsidiary

The Company has calculated its income tax provision for the years ended 31 December 2019 and 2018, in accordance with Income Tax Law No. (38) of 2018 which was adjusted starting 1 January 2019 and in accordance with the Developing Zones Law No. (30) of 2014 the Company deducts 10% from its taxable income as income tax provision and 20% for income tax on interest income, in addition to 1% national contribution.

North Development Company obtained final clearance from the Income and Sales Department up to the year 2015. The Company also submitted its tax records for the years 2016 and 2017, and the Income and Sales Tax Department has not reviewed the Company's record up to the date of these consolidated financial statement. The Company submitted its tax declarations for the years up to 2018 and it was accepted by the Income and Sales Tax Department without adjustments based on the samples system.

Mafraq Developed Company submitted its tax records for the up to the year 2018 and obtained a final tax clearance from the Income and Sales Tax Department for those years, except for year 2017 which the Income and Sales Tax Department has not reviewed up to the date of these consolidated financial statements.

Daman for Development Company submitted its tax records for the up to the years 2010 up to the year 2018 and obtained a final tax clearance from the Income and Sales Tax Department for those years up to 2017 based on the samples system. The Company submitted its tax declarations for the year 2018 and the Income and Sales Tax Department has not reviewed the Company's record up to the date of these consolidated financial statement.

United Travelling Center – Subsidiary

Income tax provision was not calculated for the years ended 31 December 2019 and 2018 due to a cumulative loss from previous years in accordance with the income tax legislation in place in the Hashemite Kingdom of Jordan and according to IAS (12).

The Company has submitted its tax records up to the year 2018, and the Company obtained the final tax clearance with the Income and Sales Tax Department up to the year 2018.

(45) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts

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 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group does not expect to have an impact when adopting this standard.

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.

The Group has not early adopted the amendments and has concluded that the uncertainty arising from IBOR reform is not affecting its hedge relationships to the extent that the hedge relationships need to be discontinued.

(46) SUBSEQUENT EVENTS

Subsequent to year-end, the Coronavirus (COVID-19) outbreak has impacted the global macroeconomy and caused significant disruption in the global economy which had an impact on the Group's financial assets due to drop in stock prices in international stock markets, including Amman's Stock Exchange. Moreover, the Group's investments in hotels were impacted as a result of the imposed quarantine on travelers and the extent and duration of the impacts of the current conditions remain uncertain and dependent on future developments that cannot be accurately predicted at this time. The Management is still in process of determining the impact of the Coronavirus on the Group's operations and the appropriate measures to be taken.