

SOCIAL SECURITY CORPORATION –

SOCIAL SECURITY INVESTMENT FUND

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Social Security Investment Fund (the "Fund") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, 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 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory

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

Amman – Jordan
29 July 2018



SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(IN THOUSANDS OF JORDANIAN DINARS)

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

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

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

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

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 2017
(IN THOUSANDS OF JORDANIAN DINARS)

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

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

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

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

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

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

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
<u>Operating activities</u>			
Surplus of revenues over expenses for the year before income tax		359,906	284,986
Adjustments for-			
Depreciation of property and equipment	13	30,511	30,889
Amortization of intangible assets	16	3,088	3,111
End of service indemnity provision	22	1,919	3,206
Profit from investment in associates	8	(14,626)	(21,244)
Impairment losses of investments in associates		-	53,936
Provision for doubtful rents	32	496	177
Losses (gains) from revaluation of financial assets at fair value through revenues and expenses	31	440	(3,256)
Realized gain on sale of financial assets at fair value through revenues and expenses	31	(270)	(41)
Provision for slow moving inventory	12	917	551
Provision for doubtful accounts	17	295	1,151
Losses (gains) on investment property valuation at fair value	14,32	20,595	(20,627)
Gain on sale of investment property		(378)	-
Impairment losses of property and equipments		323	-
Gains on sale of property and equipments		(195)	(274)
Working capital changes-			
Deposits at Banks and financial institutions with maturity of more than 3 months		(173,655)	189,204
Financial assets at fair value through the statement of revenues and expenses		(2,014)	(4,755)
Inventory		1,613	(5,487)
Other assets		(86,950)	(24,732)
Related parties		(144)	9,288
Electricity service subscribers' deposits		5,559	5,762
Advance payments form electricity subscribers		4,858	646
Due to National Electric Power Company		66,350	17,033
Other liabilities		4,753	28
Net cash flows from operating activities before income tax and end of service indemnity fund paid		223,391	519,552
Income tax paid	44	(4,584)	(3,148)
Payment of end of service indemnity	22	(2,620)	(865)
Net cash flows from operating activities		216,187	515,539
<u>Investing activities</u>			
Financial assets at fair value through other comprehensive income		7,647	(113,957)
Purchase of financial assets at amortized cost		(1,232,479)	(1,869,263)
Maturity from financial assets at amortized cost		446,949	1,097,280
Investment in associates	8	(32,393)	15,520
Dividends from associates	8	15,245	12,866
Investment properties		(8,315)	(25,471)
Property and equipment and projects in progress, net		(53,558)	(49,742)
Loans and granted debts		(29,594)	(9,317)
Intangible assets	16	(14)	(35)
Proceeds from sale of property and equipment		3,697	2,233
Investments in joint operations		-	(570)
Net cash flows used in investing activities		(882,815)	(940,456)
<u>Financing activities</u>			
Net of amounts transferred from Social Security Corporation		602,799	556,048
Loans		187	(3,482)
Due to banks		10,663	4,449
Change in non-controlling interests		(11,596)	(11,073)
Capital increase expenses		(123)	-
Prior year adjustments		(1,055)	-
Net cash flows from financing activities		600,875	545,942
Net (decrease) increase in cash and cash equivalents		(65,753)	121,025
Cash and cash equivalents at 1 January		719,747	598,722
Cash and cash equivalents at 31 December	36	653,994	719,747

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

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

(IN THOUSANDS OF JORDANIAN DINARS)

(1) GENERAL

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

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

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

- Establishing projects in cooperation with the public and private sectors on Corporation investments.
- Underwriting purchasing and selling of bonds, bills and other securities.
- Investing in cash deposits with the banking system with appropriate returns.
- Contributing in mutual funds.
- Contributing in the financing of national projects of economic feasibility by providing long-term loans and against appropriate guarantees.
- Purchase, sale and development of properties for the purpose of acquisition, participation, investment or trading.
- Carry out any investment activities approved by the Investment Board and approved by the Board of Directors of the Social Security Corporation.
- Conducting economic feasibility studies for the projects it intends to invest in, and in this field, to use the role of experts and specialists.
- Follow-up on the performance of the institutions in which the corporation contributes, and report on the performance of these companies, along with recommendations to the Board of Investment.

The consolidated financial statements of the Social Security Investment Fund for the year 2017 have been approved by the Board of Investment on its meeting held on 26 July 2018.

(2) ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

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

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

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

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

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Social Security Investment Fund and the financial statements of its subsidiaries ("the Group") as at 31 December 2017. Following are the subsidiaries that have been included in the consolidated financial statements:

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

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

** The financial statements of Daman for Zone Development Private Shareholding Company include the following subsidiaries:

	<u>Percentage of</u>	<u>Country of</u>
	<u>Ownership</u>	<u>Incorporation</u>
Al-Mafraq Development Company	80%	Jordan
North Development Company	100%	Jordan

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

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

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

	<u>Percentage of</u>	<u>Country of</u>
	<u>Ownership</u>	<u>Incorporation</u>
Jordan Daman Company for International Operations	100%	Jordan

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

(2-2) BASIS OF CONSOLIDATION (CONTINUED)

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

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

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

- 1- Land owned by National Company for Touristic Development (fully owned) is stated at cost and presented as part of property and equipment. However, according to the accounting policies of the fund it is classified as part of investment properties at fair value and proper reconciliations are prepared in the Fund's consolidated financial statements.
- 2- Investment properties for Al - Daman for Investments are presented at cost. However, it is presented at fair value in the consolidated financial statements and proper reconciliations are prepared in the Fund's consolidated statements.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns through its power over the investee. Control over the investee is exercised when the following factors exist:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the 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 Corporation considers all factors and circumstances to determine whether it has control over the investee, which include the following:

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

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

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

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

(IN THOUSANDS OF JORDANIAN DINARS)

(2-2) BASIS OF CONSOLIDATION (CONTINUED)

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

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

(2-3) CHANGES IN ACCOUNTING POLICIES

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

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

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

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

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

(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial assets at amortized cost

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

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

The amount of the impairment consists of the difference between the book value and present value of the expected future cash flows discounted at the original effective interest rate.

No assets may be reclassified from/to this item except in the cases specified in IFRS and, (if any such asset is sold before its maturity date, the result of the sale is recognized in the consolidated statement of revenues and expenses in a separate line and disclosed in accordance with the requirements of International Financial Reporting Standards In particular).

Financial assets at fair value through statement of revenues and expenses

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

Financial assets at fair value through revenues and expenses are initially measured at cost, subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the consolidated statement of revenues and expenses. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the consolidated statement of revenues and expenses.

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

Financial assets at fair value through other comprehensive income

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

These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the consolidated statement of comprehensive income. In case of sale of such asset or part of it, the gain or loss is recorded at the consolidated statement of comprehensive income and in the statement of changes in equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings and not through the consolidated statement of profit or loss.

It is not permitted to reclassify assets to/from this item except in certain circumstances determined in IFRS.

These financial assets are not subject to impairment testing.

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

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

Loans and granted debts

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

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

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

Fair value

The Group evaluates its financial instruments such as financial assets at fair value through other comprehensive income at the date of the consolidated financial statements as disclosed in (Note 38).

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

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

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

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

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

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

Fair value (continued)

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

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

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

Impairment of financial assets

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

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

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

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

Impairment of financial assets (continued)

Impairment testing procedures:

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

Property and equipment

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

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

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

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

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

Goodwill

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

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

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

Intangible assets

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

Investment properties

Investment properties are stated at cost including the acquisition costs and is measured subsequently at fair value which primarily reflects the conditions and market prices as of the date of the consolidated financial statements.

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

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

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

End of service indemnity provision

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

Revenue and expense recognition

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

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

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

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

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

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

Hotels and rest houses revenues are recognised as follows:

Rooms revenues are recognised on an accrual basis.

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

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

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

Sales

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

- The Group has transferred to the buyer all significant risks and rewards of ownership of the goods;
- The Group does not retain either continuing managerial involvement to the degree usually associated with ownership or effective control over the goods sold;
- The amount of revenue can be reliably measured;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Recognition of financial assets

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

Derivative financial instruments

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

Repurchase and resale agreements

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

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

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

Investments in associates

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

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

Inventory

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

Income tax

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

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

Cash and cash equivalents

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

Subscribers' contributions assets and liabilities

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

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

Rural files assets

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

Investment in joint operations

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

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

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

Offsetting

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

Foreign currency

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

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

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

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

(2-5) USE OF ESTIMATES

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

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(3) CASH AND BANK BALANCES

This item consists of the following:

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

* This item includes the amount of JD 8 thousand of current accounts related to the Unemployment Fund as at 31 December 2017 (31 December 2016: JD 6,405 thousand).

- Current accounts do not include balances with foreign banks and financial institution as at 31 December 2017 (31 December 2016: JD 5,000 thousand).
- There were no restricted balances as at 31 December 2017 and 2016.

(4) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

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

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

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

This item consists of the following:

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

(6) LOANS AND GRANTED DEBTS

This item consists of the following:

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

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

Provision for impaired loans and granted debts

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

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

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

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

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

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

This item consists of the following:

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

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

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

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(8) INVESTMENTS IN ASSOCIATES

This item consists the following:

	Number of capital shares	Ownership percentage	Ownership percentage	Nature of business	Last issued audited financial statements	Balance using equity method at the beginning of the year	2017						2016		
							Purchase/ Capital increase	Sale/ Capital decrease	Cash dividends received	Share of companies business results	Share of fair value reserve	Balance using equity method at year end	Fair market value at year end	Balance using equity method at year end	Fair market value at year end
Listed in Amman stock exchange															
Jordan Kuwait Bank	100,000,000	21,041,844	21	Banking	31 December 2017	95,637	-	-	(4,208)	5,672	421	97,522	73,646	96,637	82,904
Jordan Petroleum Refinery Co	100,000,000	20,407,487	20.4	Petrochemical	31 December 2017	47,187	-	(4,085)	6,664	(93)	(93)	48,073	51,560	47,187	68,881
Jordan Cement Factories	60,444,460	13,207,226	21.85	Construction	31 December 2017	18,904	-	-	(7,534)	(2)	(2)	11,368	15,969	18,904	20,588
Jordan Telecommunication Co.	167,500,000	54,150,000	28.88	Telecommunication	31 December 2017	221,177	-	(5,198)	6,940	-	-	222,919	115,881	221,177	125,087
Jordan Worsted Mill Factories	15,000,000	3,004,000	20.03	Textiles	31 December 2017	13,069	-	(751)	682	(339)	(339)	12,061	10,080	13,069	11,910
East Company for Investments	16,000,000	4,183,176	26.03	Hotel services	31 December 2017	5,241	-	-	236	(4)	(4)	5,473	6,621	5,241	8,328
Jordan Electricity Company *	83,572,965	17,950,564	21.5	Energy	31 December 2017	39,791	270	(915)	1,657	-	-	40,843	31,751	39,791	40,144
						441,006	270	(15,157)	14,357	(17)	(17)	440,459	305,508	441,006	357,842
Unlisted in Amman stock exchange															
South Dead Sea Development Co.	17,000,000	5,100,000	30	Investment	31 December 2017	5,659	-	-	-	-	-	5,659	8,846	5,659	8,007
Electrical Equipment Industries co	3,750,000	881,250	18.3	Manufacturing	31 December 2017	1,195	-	(88)	2	-	-	1,109	-	1,195	-
Al Zaraq Company	167,000	50,100	30	Electricity generation	31 December 2017	2,018	(734)	-	78	-	-	1,354	-	2,018	-
Zahrat Al sabain Company	167,000	50,100	30	Electricity generation	31 December 2017	2,018	(713)	-	67	-	-	1,372	-	2,018	-
Alward Akary Company	167,000	50,100	30	Electricity generation	31 December 2017	2,017	(204)	-	89	-	-	1,892	-	2,017	-
Jordan solar Company	167,000	30,000	30	Electricity generation	31 December 2017	5,079	(645)	-	189	-	-	4,623	-	5,079	-
Al-Zarga station for electrical power generation Co.	50,000	20,000	40	Electricity generation	31 December 2017	-	-	-	(136)	-	-	34,283	-	-	-
						17,878	34,419	(88)	289	-	-	50,182	8,846	17,878	8,007
						458,884	34,688	(15,245)	14,626	(17)	(17)	480,841	314,354	458,884	365,840

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

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(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

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

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

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(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

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

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(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

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

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(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

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

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(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

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

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(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

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

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(8) INVESTMENTS IN ASSOCIATES (CONTINUED)

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

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(9) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

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

* Treasury bonds consist of an amount of JD 289,111 thousand as of 31 December 2017, representing treasury bonds related to the unemployment fund (31 December 2016: JD 226,976 thousand).

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

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(10) SUBSCRIBERS CONTRIBUTION AND RURAL FILS ASSETS AND LIABILITIES

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

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

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

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

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(11) PROJECTS IN PROGRESS

This item consists of the following:

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

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

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(12) INVENTORY

This item consists of the following:

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

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

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

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(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
2017-											
Cost:											
Balance at the beginning of the year	16,854	163,175	46,659	309,505	16,235	6,553	18,264	46,178	11,536	7,810	642,769
Additions	-	2,114	366	23,257	1,539	-	1,554	72	34	83	29,019
Disposal	-	(89)	(71)	(4,735)	(519)	-	(57)	(7)	(7)	-	(5,485)
Transfers from projects in progress	-	2,956	254	11,660	-	-	5,405	-	-	-	20,275
Transferred to investment properties	(958)	(1,312)	-	-	-	-	-	-	-	-	(2,270)
Balance at the end of the year	15,896	166,844	47,208	339,687	17,255	6,553	25,166	46,243	11,563	7,893	684,308
Accumulated depreciation and impairment:											
Balance at the beginning of the year	-	44,163	34,081	148,118	10,312	6,540	14,861	37,299	9,972	6,917	312,263
Depreciation for the year	-	3,615	2,425	17,350	1,478	7	1,530	3,039	848	219	30,511
Disposal	-	(8)	(39)	(1,416)	(461)	-	(45)	(7)	(7)	-	(1,983)
Impairment loss	-	323	-	-	-	-	-	-	-	-	323
Balance at the end of the year	-	48,093	36,467	164,052	11,329	6,547	16,346	40,331	10,813	7,136	341,114
Net book value as of 31 December 2017	15,896	118,751	10,741	175,635	5,926	6	8,820	5,912	750	757	343,194
2016-											
Cost:											
Balance at the beginning of the year	16,367	161,040	44,866	285,576	14,197	6,553	16,838	45,174	11,378	7,751	609,760
Additions	277	1,855	664	21,003	2,380	-	1,606	1,004	158	59	29,006
Disposal	-	(24)	(29)	(3,869)	(342)	-	(202)	-	-	-	(4,466)
Transfers from projects in progress	210	304	1,138	6,795	-	-	22	-	-	-	8,469
Balance at the end of the year	16,854	163,175	46,659	309,505	16,235	6,553	18,264	46,178	11,536	7,810	642,769
Accumulated depreciation and impairment:											
Balance at the beginning of the year	-	40,737	30,819	133,771	9,149	6,533	13,615	33,536	8,957	6,216	283,333
Depreciation for the year	-	3,415	3,277	15,859	1,459	7	1,393	3,763	1,015	701	30,889
Disposal	-	11	(15)	(1,512)	(296)	-	(147)	-	-	-	(1,959)
Balance at the end of the year	-	44,163	34,081	148,118	10,312	6,540	14,861	37,299	9,972	6,917	312,263
Net book value as of 31 December 2016	16,854	119,012	12,578	161,387	5,923	13	3,403	8,879	1,564	893	330,506

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(14) INVESTMENT PROPERTIES

This item consists of the following:

	<u>2017</u>	<u>2016</u>
Land held for investment	602,765	614,517
Buildings held for investment and other purposes	21,822	19,405
Advanced payments to purchase investment properties	3,629	3,629
Others	215	108
	<u>628,431</u>	<u>637,659</u>

Movements on investment properties for the year were as follows:

	<u>2017</u>	<u>2016</u>
Balance at the beginning of the year	637,659	591,753
Purchases of property investments	10,596	25,004
Sale of property investments	(1,903)	-
Transfer from social security corporation	404	(192)
Transfer of administrative fund building and land to investment properties	2,270	-
Transferred from projects in progress	-	467
(Losses) gains on valuation of investment properties at fair value (note 32)	(20,595)	20,627
Balance at the end of the year	<u>628,431</u>	<u>637,659</u>

(15) INVESTMENT IN JOINT OPERATIONS

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

	<u>2017</u>	<u>2016</u>
Al-Zaytuna project (1)*	1,004	1,004
Al-Zaytuna project (2)	997	997
	<u>2,001</u>	<u>2,001</u>

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

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(16) INTANGIBLE ASSETS

2017-	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Total
Cost:						
Balance At the beginning of the year	8,000	39,397	8,258	4,136	28,014	87,805
Additions	-	14	-	-	-	14
Balance At the end of the year	8,000	39,411	8,258	4,136	28,014	87,819
Accumulated amortization:						
Balance At the beginning of the year	6,133	7,889	2,362	1,560	-	17,944
Amortization for the year	400	1,970	404	314	-	3,088
Balance at the end of the year	6,533	9,859	2,766	1,874	-	21,032
Net book value at the end of the year	1,467	29,552	5,492	2,262	28,014	66,787
2016-	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Total
Cost:						
Balance At the beginning of the year	8,000	39,397	8,224	4,135	28,014	87,770
Additions	-	-	34	1	-	35
Balance as at the end of the year	8,000	39,397	8,258	4,136	28,014	87,805
Accumulated amortization						
Balance At the beginning of the year	5,733	5,910	1,944	1,246	-	14,833
Amortization for the year	400	1,979	418	314	-	3,111
Balance at the end of the year	6,133	7,889	2,362	1,560	-	17,944
Net book value at the end of the year	1,867	31,508	5,896	2,576	28,014	69,861

* This item represents the total amount paid by Jordan Duty Free Company (a subsidiary) to the General Treasury in return for granting it the exclusive right to set up duty free markets at land crossings and seaports for a period of 10 years starting from 30 August 2001. The company shall pay 8% of its total sales as a service allowance for the General Treasury. During the year 2009, the Company extended the right to exclusivity agreement for an additional 10 years from 31 August 2011 to 30 August 2021 in return for payment of JD 4,000,000 and the obligation to pay 9% of the total monthly sales of the Free Zones Corporation. The period of extension of the agreement except for sales of the Special Economic Zone Market subject to the Aqaba Special Economic Zone Law. As of January 1, 2017, the Company is committed to pay 10.5% of the total monthly sales of the Free Zones Corporation.

** The license item includes an amount of JD 39,411 thousand, representing the fair value of the electricity distribution licenses granted by the Energy and Minerals Regulatory Authority to the subsidiaries as at the date of the grants, which is amortized over the life of the license, which is 19 years.

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

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

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

- 1- Goodwill resulting from acquisition of Electricity Distribution Company with a total amount of JD 5,271 Thousand. This Company was identified as a cash – generating unit for the purpose of Goodwill impairment testing. Where Al Daman for Energy Investment Co. performed a goodwill impairment test as at 31 December 2017 as follows:

The Recoverable amount for Irbid Electricity Distribution Company was determined based on the recoverable amount of the projected cash flows using the financial budget of 2017 that was approved by the Board of Directors. Cash flows after the year 2017 was calculated using a growth rate of 5%. Management believes that the growth rate is appropriate considering the nature of the business and overall inflation in the region. The projected cash flow was discounted at a rate of 13.40% and a growth rate of 3%, no impairment losses were recognized.

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

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

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

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(17) OTHER ASSETS

This item consists of the following:

	<u>2017</u>	<u>2016</u>
Accrued revenues and interests	79,276	55,624
Prepaid expenses and other current assets	20,567	20,431
Deferred tax assets	1,818	579
Trade receivables	310,791	248,617
Checks under collection	3,988	2,882
Housing fund deposits (Note 6)	3,096	3,321
Others	2,115	3,247
Provision for doubtful debts trade receivable and other receivables	<u>(18,085)</u>	<u>(17,790)</u>
	<u>403,566</u>	<u>316,911</u>

Movements on the provision for doubtful debts is as follows:

	<u>2017</u>	<u>2016</u>
Balance at the beginning of the year	17,790	16,639
Provision for the year	<u>295</u>	<u>1,151</u>
	<u>18,085</u>	<u>17,790</u>

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

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

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

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

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(18) ELECTRICITY SERVICE SUBSCRIBERS' DEPOSITS

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

(19) ADVANCE PAYMENTS FROM ELECTRICITY SUBSCRIBERS

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

(20) DUE TO NATIONAL ELECTRIC POWER COMPANY

This item represents the amounts due on the subsidiaries of Al-Daman for Energy Investments (Subsidiary) in addition to interest on late payments related to purchased energy from National Electric Power Company (NEPCO). Interest penalties amounted to JD 50,530 thousand as at 31 December 2017 (2016: JD 37,218 thousand).

(21) LOANS

This item consists of the following:

	31 December 2017		
	Short term	Long term	Total
Arab Bank (2)	300	1,100	1,400
Jordan Kuwait Bank (Jordanian Dinar)	3,111	24,889	28,000
Housing Bank	6,000	30,000	36,000
	<u>9,411</u>	<u>55,989</u>	<u>65,400</u>
	31 December 2016		
	Short term	Long term	Total
Arab Bank (1)	365	-	365
Arab Bank (2)	636	875	1,511
Jordan Kuwait Bank (Jordanian Dinar)	-	28,000	28,000
Housing Bank	6,000	25,201	31,201
Jordan Kuwait Bank Loan (Dollar)	4,136	-	4,136
	<u>11,137</u>	<u>54,076</u>	<u>65,213</u>

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(21) LOANS (CONTINUED)

Arab Bank (1)

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

Arab Bank (2)

This amount represents the loan amount granted to Jordan Press Foundation / Al Rai (subsidiary) on 13 March 2015, the company obtained a loan with a ceiling of JD 3.5 million, bearing an interest rate of 8.625% and repayable over 44 monthly installments of JD 80 thousand, except for the last installment amounting to JD 60 thousand. First installment was due on 1 April 2015 and the last installment will be due on 1 November 2017. The purpose of the loan is to finance the remaining printing press complex project and support the working capital and finance other administrative expenses.

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

Jordan Kuwait Bank – Jordanian Dinar

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

The loan is repayable over 18 semi-annual installments with an amount of JD 1,555,555 including the interest due. Interest payable based on applicable interest rate on deposits with the Central Bank of Jordan plus a margin of a maximum rate of 2.65%, the minimum applicable interest rate is 5.3% annually.

Jordan Kuwait Bank – Dollar

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

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

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(21) LOANS (CONTINUED)

Housing Bank for Trade and Finance – Jordanian Dinar

This item represents loan amount granted to Electricity Distribution Company on 24 November 2016 from the Housing Bank for Trade and Finance with an amount of JD 40 million, with a grace period of one year, bearing an interest rates ranging between 5% to 5.4% or the granted rate to the bank's top customers less 3% whichever is lower for the first five years of the loan life, and starting from the sixth year of the loan life till the maturity date, with an interest rate as the granted rate to the bank's top customers less 3% with a minimum rate of 5.25% annually. The loan is repayable over 20 equal semi-annual installments, the first installment will be due on 31 December 2017, the interest is payable every six months.

(22) END OF SERVICE INDEMNITY PROVISION

Movements on end of service indemnity provision were as follows:

	<u>2017</u>	<u>2016</u>
Balance at the beginning of the year	13,151	10,810
Provision for the year *	1,919	3,206
Paid during the year	<u>(2,620)</u>	<u>(865)</u>
Balance at the end of the year	<u>12,450</u>	<u>13,151</u>

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

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

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

(23) DUE TO BANKS

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

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(24) OTHER LIABILITIES

This item consists of the following:

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

(25) PROPERTY AND EQUIPMENT REVALUATION RESERVE

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

(26) FAIR VALUE RESERVE

The movement on fair value reserve is as follows:

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

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(27) SOCIAL SECURITY CORPORATION ACCOUNT, UNEMPLOYMENT FUND

Based on the Corporation's Board of Directors' decision No. 14/2013 dated February 4, 2013, the investments related to the Unemployment Fund were separated into a safe portfolio in an independent manner of other insurance funds. Accordingly, amounts related to the Unemployment Fund were transferred from the accounts of the Corporation to a separate account within the Fund's accounts during the year 2013, those amounts shall be invested in Jordanian treasury bonds based on the decision of the Board of Investment, on 26 June 2013.

Movements during the years 2017 and 2016 were as follows:

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

(28) MATERIAL PARTIALLY-OWNED SUBSIDIARIES

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

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

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

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

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(28) MATERIAL PARTIALLY-OWNED SUBSIDIARIES (CONTINUED)

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

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

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(28) MATERIAL PARTIALLY-OWNED SUBSIDIARIES (CONTINUED)

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

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(28) MATERIAL PARTIALLY-OWNED SUBSIDIARIES (CONTINUED)

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

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(29) NET OPERATING REVENUES

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

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

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

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

(30) INTEREST INCOME

This item consists of the following:

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

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

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

This item consists of the following:

	<u>2017</u>	<u>2016</u>
Realized gains	270	41
Unrealized revaluation (losses) gains	(440)	3,256
Commission on purchasing and selling financial assets at fair value through statement of revenues and expenses	-	(21)
	<u>(170)</u>	<u>3,276</u>

(32) (LOSSES) GAINS ON INVESTMENT PROPERTIES

This item consists of the following:

	<u>2017</u>	<u>2016</u>
Revenues:		
Leased properties revenue	1,662	1,628
Gain from sale of investment properties	378	-
Gain from sale of investment properties – lawsuit	2,931	-
Expenses:		
Management fees, evaluation and other fees	(243)	(359)
Allowance for doubtful rents receivables	(496)	(177)
(Losses) gains on investment property valuation at fair value (note 14)	(20,595)	20,627
	<u>(16,363)</u>	<u>21,719</u>

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(33) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

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

(34) BANK CHARGES, COMMISSIONS AND INTEREST

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

(35) IMPAIRMENT LOSSES OF INVESTMENTS IN ASSOCIATES

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

(36) CASH AND CASH EQUIVALENTS

This item consists of the following:

	<u>2017</u>	<u>2016</u>
Cash on hand and current and on demand accounts (note 3)	16,700	120,188
Deposits mature within three months or less (note 4)	637,294	599,559
	<u>653,994</u>	<u>719,747</u>

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(37) RELATED PARTIES TRANSACTIONS

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

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

<u>Consolidated Statements of financial position items</u>	2017			2016	
	Parent	Associates	Others	Total	
Assets and liabilities:					
Bank balances and deposits-					
Jordan Kuwait Bank (current account)	-	88	-	88	3
Jordan Kuwait Bank (deposits)	-	40,479	-	40,479	-
<u>Investments in shares-</u>	-	490,641	-	490,641	458,884
Cash dividends					
Jordan Petroleum Refinery Co.	-	4,085	-	4,085	1,511
The Jordan Worsted Mills Factory	-	751	-	751	751
Jordan Telecommunication Co.	-	5,198	-	5,198	4,621
Jordan Kuwait Bank	-	4,208	-	4,208	4,208
East Company for Investment projects	-	-	-	-	208
Jordanian Electric Power Co.	-	915	-	915	1,599
Electrical Equipment industries Company	-	88	-	88	-
Due from related parties-					
Jordan solar company	-	113	-	113	-
Al-Zarqa station for electrical power generation company	-	30	-	30	-
Electrical equipment industries	-	1	-	1	-
				144	-
Loans-					
Social security corporation	40,000	-	-	40,000	20,000
Jordan Kuwait bank	-	28,000	-	28,000	32,136
<u>Consolidated statement of revenue and expenses</u>					
Interest-					
Current account at Jordan Kuwait bank	-	13	-	13	36
Deposit at Jordan Kuwait bank	-	651	-	651	-
Social security corporation	1,320	-	-	1,320	-
Executive management salaries and remuneration	-	-	812	812	694
Investment board remuneration	-	-	108	108	110

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(38) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

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

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

(39) RISK MANAGEMENT

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

Risk management represents a continuous process where the Group monitors the risks and the handle the variances that exceed the allowable limits.

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

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

CREDIT RISK

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

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

(39) RISK MANAGEMENT (CONTINUED)

OPERATING RISK

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

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

MARKET RISK

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

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

INTEREST RATE RISK

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

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

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

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(39) RISK MANAGEMENT (CONTINUED)

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

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

2017-

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

2016-

Currency	Increase in interest rate	Impact on surplus of revenue over expenses for the year	Impact on owners' equity
	%	JD	JD
JD	1	51,739	51,739
USD	1	750	750

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

SHARE PRICE RISK

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

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(39) RISK MANAGEMENT (CONTINUED)

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

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

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

FOREIGN CURRENCY RISK

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

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(39) RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK

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

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

	Up to one month	One to three months	Three to six months	More than six months up to a one year	More than one year up to three years	More than three years	Without maturity	Total
2017-								
Assets								
Cash and Bank balances	16,700	-	-	-	-	-	-	16,700
Deposits at bank and financial institutions	338,758	298,536	385,109	11,700	-	-	-	1,034,103
Financial assets at fair value through statement of revenue and expense	-	-	-	-	-	-	135,770	135,770
Loans and granted debts, net	4,006	2,039	1,198	7,248	57,321	72,521	-	144,333
Financial asset at fair value through comprehensive income	-	-	-	-	-	-	1,383,910	1,383,910
Investments in associates	-	-	-	-	-	-	490,641	490,641
Financial assets at amortized cost	-	40,992	103,589	518,158	1,522,867	2,784,362	-	4,969,788
Subscribers' contribution and rural Fils assets	-	-	-	-	-	179,705	-	179,705
Projects in progress	-	-	-	-	-	-	94,255	94,255
Investment properties	-	-	-	-	-	-	628,431	628,431
Investments in joint operations	-	-	-	-	-	-	2,001	2,001
Inventory, net	-	-	-	-	-	-	30,553	30,553
Property and equipment, net	-	-	-	-	-	-	343,194	343,194
Due from related parties	-	-	-	-	-	144	-	144
Intangible assets, net	-	-	-	-	-	-	66,787	66,787
Other assets	-	-	-	-	-	-	403,566	403,566
Total Asset	359,464	341,567	489,896	537,108	1,579,988	3,036,732	3,579,108	9,923,861
Liability and equity								
Liability-								
Subscribers' contribution and rural Fils assets	-	-	-	-	-	179,705	-	179,705
Electricity service subscribers' deposits	-	-	-	-	-	60,134	-	60,134
Advance payments from electricity subscribers	-	-	-	-	-	23,534	-	23,534
Due to National Electric Power Company	-	-	-	-	-	256,594	-	256,594
Loans	-	-	-	1,400	-	64,000	-	65,400
Income tax provision	-	-	3,836	-	-	-	-	3,836
End of service indemnity provision	-	-	-	-	-	-	12,450	12,450
Due to banks	49,901	-	-	-	-	-	-	49,901
Other liabilities	-	-	-	-	-	-	117,724	117,724
Total liabilities	49,901	-	3,836	1,400	-	583,967	130,174	789,278
Equity-								
Social security corporation equity:								
Social security corporation current account	-	-	-	-	-	-	5,244,673	5,244,673
Social security corporation current account – unemployment fund	-	-	-	-	-	-	293,029	293,029
Fair value reserve, net	-	-	-	-	-	-	271,177	271,177
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Surplus of revenue over accumulated expenses	-	-	-	-	-	-	3,257,783	3,257,783
Total social security sectors corporation equity	-	-	-	-	-	-	9,098,474	9,098,474
Non-controlling interests	-	-	-	-	-	-	58,109	58,109
Total liabilities and equity	49,901	-	3,836	1,400	-	583,967	9,284,757	9,923,861

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(39) RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK (CONTINUED)

2016-	Up to one month	One to three months	Three to six months	More than six months up to a one year	More than one year up to three years	More than three years	Without maturity	Total
Assets								
Cash and Bank balances	120,188	-	-	-	-	-	-	120,188
Deposits at bank and financial institutions	269,606	329,953	211,454	11,700	-	-	-	822,713
Financial assets at fair value through statement of revenue and expense	-	-	-	-	-	-	133,926	133,926
Loans and granted debts, net	6,356	2,689	1,597	10,462	33,976	59,879	-	114,739
Financial asset at fair value through comprehensive income	-	-	-	-	-	-	1,456,472	1,456,472
Investments in associates	-	-	-	-	-	-	458,884	458,884
Financial assets at amortized cost	13,000	100,762	150,511	151,760	1,686,774	2,081,431	-	4,184,238
Subscribers' contribution and rural FIs assets	-	-	-	-	-	173,969	-	173,969
Projects in progress	-	-	-	-	-	-	89,991	89,991
Investment properties	-	-	-	-	-	-	637,659	637,659
Investments in joint operations	-	-	-	-	-	-	2,001	2,001
Inventory, net	-	-	-	-	-	-	33,083	33,083
Property and equipment, net	-	-	-	-	-	-	330,506	330,506
Intangible assets, net	-	-	-	-	-	-	69,861	69,861
Other assets	-	-	-	-	-	-	316,911	316,911
Total Asset	409,150	433,384	363,562	173,922	1,720,750	2,315,079	3,529,294	8,945,141
Liability and equity								
Liability-								
Subscribers' contribution and rural FIs assets	-	-	-	-	-	173,969	-	173,969
Electricity service subscribers deposits	-	-	-	-	-	54,575	-	54,575
Advance payment from electricity subscribers	-	-	-	-	-	18,676	-	18,676
Due to National Electric Power Company	-	-	-	-	-	190,244	-	190,244
Loans	-	-	-	11,138	-	54,077	-	65,213
Income tax provision	-	-	4,150	-	-	-	-	4,150
End of service indemnity provision	-	-	-	-	-	13,151	-	13,151
Due to banks	39,238	-	-	-	-	-	-	39,238
Other liabilities	-	-	-	-	-	112,475	-	112,475
Total liabilities	39,238	-	4,150	11,138	-	617,167	-	671,691
Equity-								
Social security corporation equity:								
Social security corporation current account	-	-	-	-	-	-	4,686,968	4,686,968
Social security corporation current account – unemployment fund	-	-	-	-	-	-	236,114	236,114
Fair value reserve, net	-	-	-	-	-	-	335,371	335,371
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Cumulative surplus of revenue accumulated expenses	-	-	-	-	-	-	2,926,991	2,926,991
Total social security sectors corporation equity	-	-	-	-	-	-	8,217,256	8,217,256
Non-controlling interests	-	-	-	-	-	-	56,194	56,194
Total liabilities and equity	39,238	-	4,150	11,138	-	617,167	8,273,450	8,945,141

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(39) RISK MANAGEMENT (CONTINUED)

Sensitivity of interest prices were as follows:

2017-	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non-interest bearing	Total
Assets								
Cash and Bank balances	16,700	-	-	-	-	-	-	16,700
Deposits at bank and financial institutions	338,758	298,536	385,109	11,700	-	-	-	1,034,103
Financial assets at fair value through statement of revenue and expense	-	-	-	-	-	-	135,770	135,770
Loans and granted debts, net	4,006	2,039	1,198	7,248	57,321	72,521	-	144,333
Financial asset at fair value through comprehensive income	-	-	-	-	-	-	1,383,910	1,383,910
Investments in associates	-	-	-	-	-	-	490,641	490,641
Financial assets at amortized cost	-	40,992	103,589	518,158	1,522,667	2,784,362	-	4,969,768
Subscribers' contribution and rural Fils assets	-	-	-	-	-	-	179,705	179,705
Projects under progress	-	-	-	-	-	-	94,255	94,255
Investment properties	-	-	-	-	-	-	628,431	628,431
Investments in joint operations	-	-	-	-	-	-	2,001	2,001
Inventory, net	-	-	-	-	-	-	30,553	30,553
Property and equipment, net	-	-	-	-	-	-	343,194	343,194
Intangible assets, net	-	-	-	-	-	-	86,787	86,787
Due from related parties	-	-	-	-	-	-	144	144
Other assets	-	-	-	-	-	-	403,568	403,568
Total Asset	359,464	341,567	489,896	537,106	1,579,988	2,856,883	3,758,957	9,923,861
Liability and equity								
Liability-								
Subscribers' contributions and rural Fils assets	-	-	-	-	-	-	179,705	179,705
Electricity service subscribers deposits	-	-	-	-	-	-	60,134	60,134
Advance payment from electricity subscribers	-	-	-	-	-	-	23,534	23,534
Due to National Electric Power Company	-	-	-	-	-	-	256,594	256,594
Loans	-	-	-	1,400	-	64,000	-	65,400
Income tax provision	-	-	-	-	-	-	3,836	3,836
End of service indemnity provision	-	-	-	-	-	-	12,450	12,450
Due to banks	49,901	-	-	-	-	-	-	49,901
Other liabilities	-	-	-	-	-	-	117,724	117,724
Total liabilities	49,901	-	-	1,400	-	64,000	653,977	769,278
Equity-								
Social security corporation equity:								
Social security corporation current account	-	-	-	-	-	-	5,244,673	5,244,673
Social security corporation current account – unemployment fund	-	-	-	-	-	-	293,029	293,029
Fair value reserve, net	-	-	-	-	-	-	271,177	271,177
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	3,257,783	3,257,783
Total Social Security Corporation equity	-	-	-	-	-	-	9,098,474	9,098,474
Non-Controlling interests	-	-	-	-	-	-	56,109	56,109
Total liabilities and equity	49,901	-	-	1,400	-	64,000	9,808,560	9,923,861
Sensitivity variance	309,563	341,567	489,896	535,706	1,579,988	2,792,883	(6,049,603)	-
Cumulative sensitivity variance	309,563	651,130	1,141,026	1,676,732	3,256,720	6,049,603	-	-

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(39) RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK (CONTINUED)

2016-	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non- interest bearing	Total
Assets								
Cash and Bank balances	120,188	-	-	-	-	-	-	120,188
Deposits at bank and financial institutions	269,606	329,853	211,454	11,700	-	-	-	822,713
Financial assets at fair value through statement of revenue and expense	-	-	-	-	-	-	133,926	133,926
Loans and granted debts, net	6,356	2,669	1,597	10,462	33,976	59,879	-	114,739
Financial asset at fair value through comprehensive income	-	-	-	-	-	-	1,456,472	1,456,472
Investments in associates	-	-	-	-	-	-	458,884	458,884
Financial assets at amortized cost	13,000	100,782	150,511	151,780	1,686,774	2,081,431	-	4,184,238
Subscribers' contribution and rural Fils assets	-	-	-	-	-	-	173,969	173,969
Projects under progress	-	-	-	-	-	-	89,991	89,991
Investment properties	-	-	-	-	-	-	637,658	637,658
Investments in joint operations	-	-	-	-	-	-	2,001	2,001
Inventory, net	-	-	-	-	-	-	33,083	33,083
Property and equipment, net	-	-	-	-	-	-	330,506	330,506
Intangible assets, net	-	-	-	-	-	-	69,861	69,861
Other assets	-	-	-	-	-	-	316,911	316,911
Total assets	409,150	433,384	363,562	173,922	1,720,750	2,141,110	3,703,263	8,945,141
Liability and equity								
Liability-								
Subscribers' contributions and rural fils assets	-	-	-	-	-	173,969	-	173,969
Electricity service subscribers deposits	-	-	-	-	-	54,575	-	54,575
Advance payment from electricity subscribers	-	-	-	-	-	18,678	-	18,678
Due to National Electric Power Company	-	-	-	-	-	190,244	-	190,244
Loans	-	-	-	11,136	-	54,077	-	65,213
Income tax provision	-	-	-	-	-	-	4,150	4,150
End of service indemnity provision	-	-	-	-	-	-	13,151	13,151
Due to banks	39,238	-	-	-	-	-	-	39,238
Other liabilities	-	-	-	-	-	-	112,475	112,475
Total liabilities	39,238	-	-	11,136	-	491,541	129,776	671,691
Equity-								
Social security corporation equity:								
Social security corporation current account	-	-	-	-	-	-	4,686,968	4,686,968
Social security corporation current account – unemployment fund	-	-	-	-	-	-	236,114	236,114
Fair value reserve, net	-	-	-	-	-	-	335,371	335,371
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	2,926,991	2,926,991
Total Social Security Corporation equity	-	-	-	-	-	-	8,217,256	8,217,256
Non-Controlling interests	-	-	-	-	-	-	56,194	56,194
Total liabilities and equity	39,238	-	-	11,136	-	491,541	8,273,450	8,273,450
Sensitivity variance	369,912	433,384	363,562	162,786	1,720,750	1,649,569	(4,699,963)	-
Cumulative sensitivity variance	369,912	803,296	1,166,858	1,329,643	3,050,394	4,699,963	-	-

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(40) SEGMENT INFORMATION

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

	31 December 2017		31 December 2016	
	Assets	Liabilities	Assets	Liabilities
Geographical region				
Inside Jordan	9,871,123	769,278	8,870,176	671,691
Arabian countries	9,422	-	9,443	-
Europe	43,316	-	65,522	-
	<u>9,923,861</u>	<u>769,278</u>	<u>8,945,141</u>	<u>671,691</u>

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

	31 December 2017		31 December 2016	
	Assets	Liabilities	Assets	Liabilities
Economic sector				
Investment	8,733,189	4,169	7,868,882	3,960
Hotels	122,978	4,139	133,253	4,905
Press and publishing	39,202	13,619	43,271	12,126
Energy	817,621	698,365	672,600	611,176
Trading	65,671	4,935	56,939	4,974
Other	145,200	44,051	170,196	34,550
	<u>9,923,861</u>	<u>769,278</u>	<u>8,945,141</u>	<u>671,691</u>

(41) CONTINGENT LIABILITIES

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

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

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(41) CONTINGENT LIABILITIES (CONTINUED)

B. The remaining capital expenditures to complete projects in progress for subsidiaries and Hotels owned by the Fund as at 31 December 2017 amounted to JD 225,513 thousand (2016: JD 244,964 thousand).

C. Operating lease commitment for Al Daman for energy investments – subsidiary:

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

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

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

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

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

E. Operating lease commitment for United Travelling Center:

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

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(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

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

	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>	<u>Total</u>
<u>31 DECEMBER 2016</u>				
Financial assets:				
Financial assets through statement of revenues and expenses	133,926	-	-	133,926
Financial assets through other comprehensive income	1,367,151	-	89,321	1,456,472
Total financial assets	1,501,077	-	89,321	1,590,398

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(43) LITIGATION

Social Security Investment Fund

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

Jordan Press Foundation – Al Rai - Subsidiary

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

Jordan Duty Free Shops - Subsidiary

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

National Company for Tourism Development - Subsidiary

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

Daman for Energy Investments - Subsidiary

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

Al Daman for Investments Public Shareholding Company - Subsidiary

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

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

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(43) LITIGATIONS (CONTINUED)

Crown Plaza Resort – Dead Sea – Fully Owned Hotel

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

Intercontinental Resort – Aqaba - Fully Owned Hotel

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

Holiday Inn Resort - Dead Sea – Fully Owned Hotel

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

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

Amman Al- Sham Palace Hotel - Fully Owned Hotel

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

Crown Plaza Hotel – Dead Sea – Fully Owned Hotel

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

Crown Plaza Hotel Petra - Fully Owned Hotel

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

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(44) INCOME TAX PROVISION

Movements on income tax provision were as follows:

	2017	2016
Balance at the beginning of the year	4,150	2,669
Deferred income tax related to temporary time variances	9	(253)
Prior years income tax	61	-
Provision for the year	4,200	4,882
Income tax paid	(4,584)	(3,148)
Balance at the end of the year	3,836	4,150

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

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

Tax Position of the Group

Social Security Investment Fund

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

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

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

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

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

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(44) INCOME TAX PROVISION (CONTINUED)

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

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

Electricity Distribution Company - Aqaba

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

Jordan Press Foundation /Al Rai – subsidiary

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

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

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

Jordan Duty Free public shareholding Company – subsidiary

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

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

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

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(44) INCOME TAX PROVISION (CONTINUED)

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

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

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

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

National Company for Touristic Development - subsidiary

The Company obtained a final tax clearance from the Income and Sales Tax Department up to the end of 2014, after the Company had paid tax differences for the years 2008 up to 2013 amounting to JD 25 thousand. The Company has submitted its tax declarations for the year 2016 and the Income and Sales Tax Department still has not reviewed those declarations.

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

Al-Daman for Investments – subsidiary

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

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

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(In Thousands of Jordanian Dinars)

(44) INCOME TAX PROVISION (CONTINUED)

Rama for Investing and Saving Company – Subsidiary

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

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

Al-Daman for Zone Development – Subsidiary

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

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

United Travelling Center – subsidiary

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

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

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

(45) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 9 Financial Instruments

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

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

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

(a) Classification and Measurement

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

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

(b) Impairment

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

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

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

IFRS 16 Leases

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

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

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

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

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

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

Transfers of Investment Property (Amendments to IAS 40)

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

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

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

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

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

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

(46) COMPARATIVE FIGURES

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