شركة المجموعة الاستشارية
الاستثمارية المساهمة العامة المحدودة

الرقم : 2019/94/13/5
التاريخ : 2019/5/9

السادة بورصة عمان المحترمين

تحية طيبة وبعد

مرفق طيه البيانات المالية باللغة الانجليزية للربع الاول لعام 2019 حتى تاريخ 2019/3/31 لشركة المجموعة الاستشارية الاستثمارية المساهمة العامة المحدودة.

وتفضلوا بقبول فائق الاحترام

المدير العام

الدكتور موسى صالح

بورصة عمان
الدائرة الإدارية والمالية
الديوان
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THE CONSULTANT AND INVESTMENT GROUP COMPANY
(PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2019

TOGETHER WITH REVIEW REPORT

THE CONSULTANT AND INVESTMENT GROUP COMPANY
(PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
MARCH 31, 2019

## TABLE OF CONTENTS

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# Review Report

AM/ 007568

To the Chairman and Members of the Board of Directors
The Consultant and Investment Group Company
(A Public Limited Shareholding Company)
Amman - Jordan

**Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of The Consultant and Investment Group Company (A Public Limited Shareholding Company) as of March 31, 2019, and the related condensed consolidated interim statements of income and comprehensive income, changes in Shareholders' equity, and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention indicating that the accompanying condensed consolidated interim financial statements for the Consultant and Investment Group Company are not prepared in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

**Emphasis of Matter**

We draw attention to the note (22) to the condensed consolidated interim financial statements, which states that the corresponding figures included in the statement of changes in shareholders' equity has been restated to comply with new International Financial Reporting Standards. Our conclusion is not modified in respect of this matter.

**Other Matter**

The accompanying financial statements are a translation of the original financial statements which are in the Arabic language, to which reference should be made.

The Company's fiscal year ends on December 31 of each year. These condensed consolidated interim financial statements have been prepared for management purposes and the Jordan Securities Commission's requirements only.

Deloitte & Touche
Deloitte & Touche (M.E.) – Jordan

Amman - Jordan
April 30, 2019

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010105

THE CONSULTANT AND INVESTMENT GROUP COMPANY

(PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

| | Note | March 31, 2019 (Reviewed not Audited) | December 31, 2018 |
|---|---|---|---|
| | | JD | JD |
| NON-CURRENT ASSETS: | | | |
| Property and equipment - net | 4 | 19,639,528 | 19,772,924 |
| Projects under construction | 5 | 1,079,003 | 832,837 |
| Advance payments to purchase medical equipments | | 679,164 | 1 |
| Deferred tax assets | 10/b | 88,725 | 89,250 |
| Right of use assets | 2/b | 600,961 | - |
| Total Non-Current Assets | | 22,087,381 | 20,695,012 |
| CURRENT ASSETS: | | | |
| Right of use assets | 2/b | 377,220 | - |
| Medicine and medical supplies | | 1,334,857 | 1,228,451 |
| Accounts receivable - net | 6 | 2,770,621 | 2,657,911 |
| Other debit balances | 7 | 544,842 | 1,012,657 |
| Checks under collection - Short term | | 21,513 | 46,918 |
| Cash on hand and at banks | | 683,433 | 1,355,641 |
| Total Current Assets | | 5,732,486 | 6,301,578 |
| TOTAL ASSETS | | 27,819,867 | 26,996,590 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' EQUITY: | | | |
| Paid-up capital | | 14,445,000 | 14,445,000 |
| Statutory reserve | | 445,750 | 445,750 |
| Retained earnings | | 725,012 | 683,380 |
| Profit for the period | | 165,693 | - |
| Total Shareholders' Equity | | 15,781,455 | 15,574,130 |
| LIABILITIES: | | | |
| NON-CURRENT LIABILITIES: | | | |
| Long-term liabilities against finance lease contract | 8 | 5,061,348 | 5,380,229 |
| Lease liabilities | | 620,459 | - |
| Total Non-Current Liabilities | | 5,681,807 | 5,380,229 |
| CURRENT LIABILITIES: | | | |
| Accounts payable | | 2,746,432 | 2,321,453 |
| Short-term liabilities against finance lease contracts | 8 | 910,568 | 910,568 |
| Provision for claims | 2/b | 401,785 | 401,785 |
| Other credit balances | 9 | 2,039,098 | 2,408,425 |
| Lease liabilities | 2/b | 258,722 | - |
| Total Current Liabilities | | 6,356,605 | 6,042,231 |
| TOTAL LIABILITIES | | 12,038,412 | 11,422,460 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 27,819,867 | 26,996,590 |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

Chairman of the Board of Directors

General Manager

THE CONSULTANT AND INVESTMENT GROUP COMPANY

(PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

| | | For the Three Months Ended March 31, | |
|---|---|---|---|
| | Note | 2019 | 2018 |
| | | JD | JD |
| Operating revenue | 11 | 3,985,714 | 3,934,869 |
| Cost of revenue | 12 | (2,932,880) | (2,907,763) |
| Gross profit | | 1,052,834 | 1,027,106 |
| General and administrative expenses | 13 | (750,575) | (659,100) |
| Amortization of right of use assets | 2/B | (113,391) | - |
| Finance costs | | (93,405) | (100,639) |
| Other revenue | 14 | 113,654 | 43,387 |
| Profit for the period before tax | | 209,117 | 310,754 |
| Income tax expense | 10/A | (43,424) | (69,393) |
| Profit for the Period / Total Comprehensive Income for the Period | | 165,693 | 241,361 |
| Earnings per share from the profit for the period - Basic and diluted (JD/Share) | 15 | 0.012 | 0.017 |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

Chairman of the Board of Directors

General Manager

THE CONSULTANT AND INVESTMENT GROUP COMPANY

(PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(REVIEWED NOT AUDITED)

| | Paid-up | Statutory | Retained Earnings | | | Profit for | |
|---|---|---|---|---|---|---|---|
| | Capital | Reserve | Realized | Unrealized | Total | the Period | Total |
| For the Three Months Ended March 31, 2019 | JD | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the period | 14,445,000 | 445,750 | 594,130 | 89,250 | 683,380 | - | 15,574,130 |
| Gross comprehensive profit for the period | - | - | - | - | - | 165,693 | 165,693 |
| Effect of prior years adjustments | - | - | - | 41,632 | 41,632 | - | 41,632 |
| Balance at the End of the Period | 14,445,000 | 445,750 | 594,130 | 130,882 | 725,012 | 165,693 | 15,781,455 |
| | | | | | | | |
| For the Three Months Ended March 31, 2018 (Restated) | | | | | | | |
| Balance at the beginning of the period | 13,500,000 | 362,012 | 1,104,585 | 2,775 | 1,107,360 | - | 14,969,372 |
| Adjusted effect of IFRS (9) implementation | - | - | (264,126) | - | (264,126) | - | (264,126) |
| Balance at the beginning of the period - Restated | 13,500,000 | 362,012 | 840,459 | - | 843,234 | - | 14,702,471 |
| Gross comprehensive income for the period | - | - | - | - | - | 241,361 | 241,361 |
| Balance at the End of the Period - Restated | 13,500,000 | 362,012 | 840,459 | 2,775 | 843,234 | 241,361 | 14,943,832 |

- An amount of JD 88,725 is included in the retain earnings as at March 31, 2019, which is restricted to use against deferred tax assets.

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED

INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM

AND WITH THE ACCOMPANYING REVIEW REPORT.

THE CONSULTANT AND INVESTMENT GROUP COMPANY

(PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(REVIEWED NOT AUDITED)

| | Note | For the Three Months Ended March 31, 2019 | 2018 |
|---|---|---|---|
| | | JD | JD |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Profit for the period before tax | | 209,117 | 310,754 |
| Adjustments: | | | |
| Depreciation of property and equipment | 4 | 281,033 | 173,563 |
| Finance costs | | 93,405 | 100,639 |
| Amortization of right of use assets | | 113,391 | - |
| Provision for employees vacation no longer needed | 9 | (15,349) | (9,264) |
| Net Cash Flows from Operating Activities before Changes in Working Capital Items | | 681,597 | 575,692 |
| (Increase) in medicine and medical supplies | | (106,406) | (167,511) |
| (Increase) in accounts receivables | | (112,710) | (42,495) |
| Decrease (increase) in checks under collection | | 25,405 | (23,623) |
| Decrease (increase) in other debit balances | | 467,815 | (275,833) |
| Increase (decrease) in accounts payable | | 424,979 | (147,816) |
| (Decrease) in other credit balances | | (561,068) | (156,332) |
| Net Cash Flows from (Used in) Operating Activities before Provision for Employees' Vacation Paid | | 819,612 | (237,918) |
| Provision for employees' vacations Paid | 9 | (6,568) | (3,200) |
| **Net Cash Flows from (used in) Operating Activities** | | 813,044 | (241,118) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| (Purchase) of property and equipment | 4 | (147,637) | (614,499) |
| Projects under construction | | (246,166) | (99,875) |
| (Increase) decrease in payments for medical equipment | | (679,163) | 293,147 |
| Decrease in deposits | | - | 1,000,000 |
| **Net Cash Flows (used in) from Investing Activities** | | (1,072,966) | 578,773 |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Loans and financing lease contracts paid | | (318,881) | (86,516) |
| Financing costs paid | | (93,405) | (100,639) |
| **Net Cash Flows (used in) Financing Activities** | | (412,286) | (187,155) |
| (Decrease) Increase in Cash and Cash Equivalent | | (672,208) | 150,500 |
| Cash and cash equivalent - beginning of the year | | 1,355,641 | 85,648 |
| Cash and Cash Equivalent - End of the Period | | 683,433 | 236,148 |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

1. General

a. The Consultant and Investment Group Company (Al-Istishari Hospital) was established and registered on 7 November 1995 as a public limited shareholding company under No. (299) with a paid-up capital of JD (8) million.

The Company's capital was increased, in several stages in the past years, to JD 22 million, divided into 22 million shares at a par value of JD 1 each. During the year 2016, the Company decreased its capital to amortize accumulated losses, thus rendering capital at JD 9,825,362, divided into 9,825,362 shares at a par value of JD 1 each. In this regard, the Company completed the capital decrease procedures during the year 2016.

In its extraordinary meeting held on July 17, 2016, the Company's General Assembly of shareholder approved the issuance of 3,674,638 shares of the authorized shares of JD1 each, so that capital would become JD 13.5 million. Moreover, the Company completed the legal procedures for capital increase and obtained the required approvals during the second half of the year 2017.

The Company's address is Wadi Saqra, P.O. Box 840431, Amman 11184-the Hashemite Kingdom of Jordan.

b. The Company's objectives are the following:

- Carrying out industrial constructions, conducting commercial agencies, and investing in commercial and financial projects;
- Setting up and managing health, real estate, housing, building, and industrial projects as well as constructing commercial markets of all types along with their related services.

c. The Company is exempted from income tax at a rate of 25% for ten years ending on September 22, 2016 according to Article (27) of the Investment Promotion Law No. (68) for the year 2003. The exemption has been extended to January 28, 2019.

d. The condensed consolidated interim financial statements were approved by the Board of Directors on April 25, 2019.

2. Basis of Preparation of the Condensed Consolidated Interim Financial Statements

- Basis of Preparation of the Condensed Interim Financial Statements:

- The accompanying condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

- The condensed consolidated interim financial statements are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities stated at fair value as of the date of the condensed consolidated interim financial statements.

- The condensed consolidated interim financial statements are stated in Jordanian Dinar, which is the financial currency of the Company.

- The condensed consolidated interim financial statements are stated in Jordanian Dinar, which is the financial currency of the Company.

- The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with International Financial Reporting Standards and should be read with the annual report of the Company as of December 31, 2018. In addition, the results of the Company's operations for the three months ended March 31, 2019 do not necessarily indicate the expected results for the year ending December 31, 2019, and do not contain the appropriation of the profit for the three months period ended March 31, 2019, which is usually performed at year end.

Basis of Preparation the interim condensed consolidated financial statements

The interim condensed consolidated financial statements include the financial statements of the Company and the companies under its control (its subsidiaries) and control is achieved when:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the investee's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Company has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. In this regard, the Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries companies are consolidated when the Company controls the subsidiary and ceases when the Company loses control of the subsidiary. In particular, the results of operations of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date control is achieved until the date that control of the subsidiary ceases.

Income and each item of comprehensive income is allocated to the shareholders of the Company and the non-controlling interest. The comprehensive income of the subsidiaries is distributed to the shareholders of the Company and the non-controlling interest even if the distribution will results in a deficit in the share of the non-controlling interest.

Adjustments to the financial statements of subsidiaries are made, where necessary, to comply with the accounting policies adopted by the Company.

All assets, liabilities, equity, income and expenses relating to transactions and balances between the Company and its subsidiaries are eliminated on consolidation.

Non-controlling interest in subsidiaries is determined separately from the Company's equity in these companies. The share of non-controlling interests currently held in equity attributable to owners of a proportionate share of net assets at liquidation may initially be measured at fair value or proportionate share of non-controlling interests in the fair value of net identifiable assets. The measurement is chosen based on the acquisition. Other non-controlling interests are initially measured at fair value. After acquisition, the carrying amount of non-controlling interests is the value of these shares at initial recognition plus the share of non-controlling interests from subsequent changes in equity. Gross income is attributable to non-controlling interests even if there is a deficit in the balance of non-controlling interests.

Changes in the Company's shares in subsidiaries that do not result in loss of control are accounted for as equity transactions. The present value of the Company's shares and non-controlling interests is adjusted to reflect the changes in their relative shares in the subsidiaries. Any difference between the amount at which non-controlling interests are measured and the fair value of the consideration given or received is recognized directly in equity and it is attributed to the owners of the company.

When the Company loses control of a subsidiary, the gain or loss on disposal is recognized in the income statement as the difference between (i) the aggregate fair value of the consideration received and the fair value of any remaining shares; and (ii) the present value of the asset (including goodwill), less the liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Company had directly disposed of the assets or liabilities of the subsidiary. The fair value of the investment that is retained in the former subsidiary at the date of de-recognition is considered as fair value at the initial recognition of subsequent accounting under IFRS 9 Financial Instruments when the provisions of the Standard apply or the initial recognition of an investment in an associate or project Mutual

The Company owns Al Motamaizah Company for Hospital Management (subsidiary) as of March 31, 2019:

| Paid-up Capital | Ownership percentage | The nature of the company's business | Location | Date of acquisition |
|---|---|---|---|---|
| JD | % | | | |
| 15,000 | 100 | Commercial | Jordan | September 15, 2011 |

The following table shows the financial position and financial performance of the Al Motamaizah Company for Hospital Management (subsidiary) as at March 31, 2019:

| March 31, 2019 | | For the period ended March 31, 2019 | |
|---|---|---|---|
| Assets | Liabilities | Revenue | Expenses |
| JD | JD | JD | JD |
| 19,560 | - | 24,592 | 18,252 |

- The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended December 31, 2018 except for the effect of the new and revised IFRSs that became effective for financial periods beginning on or After January $1^{ST}$, 2019 as follows:

**a. <u>Amendments that did not have a material impact on the Company's condensed consolidated interim financial statements:</u>**

**Annual improvements to IFRSs issued between 2015 and 2017.**

Improvements include amendments to IFRS (3) "Business Combinations", (11) "Joint Arrangements", International Accounting Standards (12), "Income Taxes" and (23) "Borrowing Costs".

**The interpretations issued by the International Financial Reporting Interpretation Committee of the IASB, number (23) uncertainty on the treatment of income tax.**

The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:

- whether the tax treatment should be considered in aggregate;
- assumptions regarding the procedures for the examination of tax authorities;
- determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;
- The impact of changes in facts and circumstances.

**Amendments to IFRS 9 Financial Instruments.**
These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

**Amendments to IAS (28) "Investment in Associates and Joint Ventures".**
These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) *"Financial Instruments"* to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

**Amendments to IAS 19 Employee Benefits.**
These amendments relate to adjustments to plans, reductions, or settlements.

**b. Amendments to the condensed consolidated interim financial statements of the Company:**

**Effect of Application of IFRS (16) "Leases"**

The Company has adopted IFRS (16), "Leases", which replace the existing guidelines on leases, including IAS (17) "Leases", IFRIC (4) "Determining whether an arrangement contains a lease "and the interpretation of the previous Interpretations Committee (15)" Operational leases - incentives" and SIC (27) "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS (16) was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognize in the Company's financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS (17) "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Company has opted for the modified retrospective application permitted by IFRS (16) upon adoption of the new standard. During the first time application of IFRS (16) to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

The right of use assets have been measured in an amount equal to the lease obligations, and adjusted by any pre-paid or lease payment that is recognized in the financial position list as of December 31, 2018. No adjustments to the retained earnings, as at January 1st, 2019, were produced under this method. There were no low leases that required an adjustment to the right of use assets at the date of the initial application.

The recognized right of use assets of leased properties are as at March 31, 2019 and the January 1st, 2019.

The movement on the right of use the assets and liabilities of the lease during the period is as follows:

| | **Right of Use Assets** | **Liabilities** |
|---|---|---|
| | JD | JD |
| Balance as January 1st, 2019 | 1,091,572 | 879,649 |
| Interest during the period | - | (468) |
| Paid during the period | (111,192) | - |
| Amortization for the period | (2,199) | - |
| Balance as March 31, 2019 | 978,181 | 879,181 |
| | | |
| Divided into: | | |
| Current | 377,220 | 258,722 |
| Non- Current | 600,961 | 620,459 |
| | 978,181 | 879,181 |

The Company's leasing activities and its accounting treatment mechanism:
The Company's rents real estates for use in its activities and usually leases for fixed periods ranging from one to Five years, some of which may include extension options and the lease terms are negotiated on an individual basis and contain a set of different terms and conditions, not including contracts Leases do not contain any obligations and may not be used as collateral for the purposes of borrowing.

Up to the end of the financial year 2018, real estate leases were classified as either an operating lease or a financial lease, and the amounts paid for operating lease contracts are credited to the income statement according to the straight-line method during the lease period.

Starting from the first of January 2019, leases were recognized as assets for use and related obligations on the date when the asset is ready for use by the Company, the value of each rental payment is distributed between the leasing obligations and the financing costs, and the financing costs are credited to the income statement during the lease period to achieve a fixed periodic interest rate on the remaining balance of the obligation for each period and the right of use assets are amortized during the productive life of the asset or the lease term, whichever is shorter according to the straight-line method.

The assets and liabilities arising from the leases are initially measured on the basis of the present value, and the lease obligations include the net present value of the following rental payments:

- Fixed payments (including built-in fixed payments) minus rental incentives receivable;
- Variable lease payments based on index or rate;
- Amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Rental payments are deducted using the implied lease interest rate or the tenant's additional borrowing price, if they are not available, which is the rate at which the lessee must pay to borrow the funds needed to obtain an asset of comparable value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs, and
- Return costs (renovation and restoration).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

In applying IFRS (16) for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also chose not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS (17) and IFRIC (4) determining whether an Arrangement contains a Lease.

3. Significant accounting estimates and key sources of uncertainty estimates

Preparation of the accompanying condensed consolidated interim financial statements and the application of accounting policies require from the company's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect income, expenses, provisions, and the financial assets valuation reserve, and in a specific way, it requires the company's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

We believes that the estimates used in the condensed consolidated interim financial statements are reasonable and consistent with the estimates used in preparing the consolidated financial statements for the year 2018 except for the following:

Extension and termination lease options

Extension and termination options are included in a number of leases. These terms are used to increase operational flexibility in terms of contract management, most of the retained extension and termination options are practice at by both the Company and the lessor.

When determining the duration of the lease, the management takes into account all the facts and circumstances that create an economic incentive to exercise the option of extension, or not to exercise the option of termination. Extension options (or periods following termination options) are only included in the term of the lease if the lease contract is reasonably asserted to be extended (or not terminated). The evaluation is reviewed in the event of an important event or a significant change in the circumstances that affect this assessment which is within the tenant's control.

Deduction of rental payments

Rental payments are deducted using the Company's additional borrowing rate ("IBR"). The management has applied the judgements and estimates to determine the additional borrowing rate at the start of the lease.

4. Property Equipment – net

- During the three months ended March 31, 2019, the Company had purchase property and equipment valued at JD 147,637 (JD 614,499 for the three months ended March 31, 2018).

- The depreciation expense for the three months ended March 31, 2019 amounted to JD 281,033 (173,563 for the three months ended March 31, 2018).

5. Projects Under Construction

This item represents the expansion plan of the main building of the hospital: the completion percentage was 18% as at March 31, 2019 and 1% as in December 2018 at a cost of about JD 1,079,003. The project is expected to be completed in 2019 at a total cost of JD 5.7 million.

6. Accounts Receivable – Net

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| | JD | JD |
| Accounts Receivable | 4,773,294 | 4,507,758 |
| Less: Provision for allowable discounts * | (1,105,694) | (952,868) |
| Provision for expected credit loss ** | (896,979) | (896,979) |
| | 2,770,621 | 2,657,911 |

* The movement on the provision for allowable discounts during the period / year is as follows:

| | For the Three Months Ended March 31, 2019 | For the Year Ended December 31, 2018 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the period / year | 952,868 | 310,084 |
| Additions during the period / year | 152,826 | 642,784 |
| Balance at the End of the Period / Year | 1,105,694 | 952,868 |

** The movement on the provision for expected credit loss during the period / year is as follows:

| | For the Three Months Ended March 31, 2019 | For the Year Ended December 31, 2018 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the period / year | 896,979 | 748,325 |
| Additions during the period / year | - | 150,000 |
| Debts settled during the period / year (collected) | - | (51,346) |
| Balance at the End of the Period / Year | 896,979 | 896,979 |

## 7. Other Debit Balances

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| | JD | JD |
| Earned revenue-unissued patients invoices | 354,364 | 364,139 |
| Claim on patients' deposits | 127,676 | 127,676 |
| Advance payments for computer programs purchase | 284,150 | 284,150 |
| Advance payments for purchase of electric generator | 99,229 | 99,229 |
| Prepaid expenses | 92,486 | 288,826 |
| Refundable deposits | 32,000 | 40,350 |
| Other | 65,992 | 319,342 |
| | 1,055,897 | 1,523,712 |
| Less: Provision for Payments on account for purchasing computer programs | (284,150) | (284,150) |
| Provision for payments on account for purchasing an electric generator | (99,229) | (99,229) |
| Provision for patients' deposits difference | (127,676) | (127,676) |
| | 544,842 | 1,012,657 |

## 8. Liabilities against Finance Lease Contract

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| | JD | JD |
| Liabilities against short-term finance lease contracts – International Islamic Arab Bank, solar power | 274,212 | 274,212 |
| Liabilities against short-term finance lease contracts - International Islamic Arab Bank | 683,795 | 683,795 |
| Short-term land ownership transfer fees | (47,439) | (47,439) |
| | 910,568 | 910,568 |
| Liabilities against short-term finance lease contracts - International Islamic Arab Bank, solar power | 2,102,290 | 2,170,843 |
| Liabilities against long-term finance lease contracts - International Islamic Arab Bank | 3,212,066 | 3,474,254 |
| Long-term land ownership transfer fees | (253,008) | (264,868) |
| | 5,061,348 | 5,380,229 |
| Total | 5,971,916 | 6,290,797 |

Finance lease contract signed on July 28, 2016 relates to the purchase of Land No. (1284) from the Islamic International Arab Bank through selling the land to the Islamic International Arab Bank and leasing it as lease-to-own. Consequently, the Company incurred ownership transfer fees of JD 426,951, paid to Amman Land Registry. This amount has been recorded as a contra liability account and will be amortized over the loan term.

The lease contract is for 108 months, divided into 9 lease years. Moreover, the lease amount will be paid starting from August 31, 2017 in monthly installments of JD 55,931.

The lease return for the first year stood at 6.5% of the lease principal. Moreover, the varied margin for the first year is 1%, and the lease return amount was JD 277,680 for the year ended December 31, 2018

According to the finance lease contracts, the Company's liabilities are guaranteed by the lessor's ownership of the leased properties and comprehensive insurance thereon. The fair value of the finance lease contracts approximates their carrying amount.

- The movement details on loans and liabilities against financing leases during the period / year were as follows:

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the period / year | 6,290,797 | 4,025,933 |
| Loans and finance leases contracts - received | - | 2,490,750 |
| Loans and finance lease contracts - paid | (318,881) | (225,886) |
| Balance at the End of the Period / Year | 5,971,916 | 6,290,797 |

9. Other Credit Balances

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| | JD | JD |
| Shareholders' deposits | 141,581 | 143,610 |
| Employees' vacation provision * | 174,594 | 196,511 |
| Accrued salaries and expenses | 199,719 | 189,600 |
| Provision for potential claims | 21,069 | 21,069 |
| Electromechanical contractors' retentions | 86,550 | 86,550 |
| Patients' deposits | 232,147 | 276,292 |
| Stamp fees deposits | 69,495 | 69,495 |
| Social security deposits | 85,513 | 80,371 |
| End-of-service indemnity provision ** | 76,851 | 71,729 |
| Postponed checks | 846,070 | 1,049,545 |
| Income tax deposits | 17,032 | 19,207 |
| Other | 88,477 | 204,446 |
| | 2,039,098 | 2,408,425 |

* The movement on the provision for employees' vacations during the period/year is as follows:

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the period /year | 196,511 | 206,653 |
| Add: Provided during the period / year | - | 16,089 |
| Less: Paid during the period / year | (6,568) | (26,231) |
| Provision for impairment during the period / year | (15,349) | - |
| Balance at the end of the period /year | 174,594 | 196,511 |

** The movement on the provision for end-of-service during the period / year is as follows:

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the period / year | 71,729 | 53,594 |
| Add: Provided during the period / year | 5,122 | 21,793 |
| Less: Paid during the period / year | - | (3,658) |
| Balance at the End of the Period / Year | 76,851 | 71,729 |

## 10. Income Tax

a. Income tax in the statement of income and other comprehensive income is as follows:

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| | JD | JD |
| Deferred tax assets | 42,157 | 69,393 |
| Income tax for the period | 1,267 | - |
| | 43,424 | 69,393 |

A final settlement has been reached with the Income and Sales Tax Department up to the end of the year 2015. Moreover, the tax returns for the years 2016 and 2017 have been submitted and the taxes due were paid, however, these returns have not been reviewed by the Income and Sales Tax Department yet. In the opinion of the Company management and its tax consultant, the tax provisions are adequate, and no additional provisions are needed.

b. Deferred tax assets in the statement of financial position is as follows:

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the period / year | 89,250 | 2,775 |
| Effect IFRS (9) implementation | - | 89,250 |
| Effect of prior years adjustments | 41,632 | - |
| Income tax for the period / year | (42,157) | 31,500 |
| Income tax / income tax benefit | 88,725 | 89,250 |

## 11. Operating Revenue

This item consists of the following:

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| | JD | JD |
| Room fees | 467,390 | 393,709 |
| Medical supplies | 997,406 | 944,056 |
| Medical procedures | 753,072 | 913,760 |
| Pharmacy | 883,867 | 709,252 |
| Other departments | 883,979 | 974,092 |
| | 3,985,714 | 3,934,869 |

## 12. Cost of Revenue

This item consists of the following:

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| | JD | JD |
| Salaries, wages and benefits | 977,895 | 947,526 |
| Social security | 129,827 | 123,526 |
| Medicine and medical supplies | 1,025,629 | 819,616 |
| Electricity and water | 24,028 | 218,132 |
| Cleaning | 74,383 | 73,158 |
| Maintenance | 71,352 | 61,608 |
| Food | 80,433 | 61,557 |
| Consumables | 201,523 | 265,918 |
| Cafeteria | 14,138 | 5,216 |
| Fuel | 73,170 | 54,256 |
| Rent | - | 79,537 |
| Governmental stamps | 7,429 | 6,876 |
| Disposal expenses | 7,313 | 9,933 |
| Master fees | 5,887 | 5,180 |
| Depreciations | 156,312 | 142,354 |
| Governmental fees | 35,777 | 23,401 |
| Other | 47,784 | 9,969 |
| | 2,932,880 | 2,907,763 |

## 13. General and Administrative Expenses

This item consists of the following:

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| | JD | JD |
| Salaries, wages, and benefits | 329,693 | 348,682 |
| Social security | 38,661 | 39,293 |
| End-of-service indemnity | 5,123 | 4,164 |
| Rent expense | - | 7,590 |
| Computer and software expenses | 58 | 1,038 |
| Stationery and printing | 2,952 | 15,945 |
| Recruitment expenses | 9,065 | 7,135 |
| Depreciations | 124,721 | 31,209 |
| Security and safety | 21,512 | 15,034 |
| Maintenance | 34,631 | 60,976 |
| Professional fees | 15,193 | 9,150 |
| Insurance expense | 54,593 | 23,830 |
| Advertisements and subscriptions | 25,790 | 7,190 |
| Postage and telephone | 9,892 | 7,123 |
| Legal claims expenses | 28,278 | 25,430 |
| Board of directors transportation fees | 13,500 | 10,500 |
| Other | 36,913 | 44,811 |
| | 750,575 | 659,100 |

14. Other Revenue

This item consists of the following:

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| | JD | JD |
| Rent | 68,375 | 58,663 |
| Car park income | 18,866 | 13,996 |
| Other revenue (expense) - net | 11,064 | (29,272) |
| Provision for employee vacations no longer needed | 15,349 | - |
| | 113,654 | 43,387 |

15. Earnings Per Share - Basic and Diluted

This item consists of the following:

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| | JD | JD |
| Profit for the period | 165,693 | 241,361 |
| | Share | Share |
| Weighted average number of shares | 14,445,000 | 13,500,000 |
| | JD/Share | JD/Share |
| Earning per share for the period Basic and diluted | 0.012 | 0.017 |

16. Related Party Transactions and Balances

The following are the details of balances and transactions with related parties:

| | For the Three Months Ended March 31, | |
|---|---|---|
| Condensed consolidated interim statement of income items: | 2019 | 2018 |
| | JD | JD |
| Executive management's salaries and bonuses | 76,500 | 76,500 |
| Board of Directors' transportation | 10,500 | 10,500 |

17. Operating Sectors

a. Information about the Company's Activities

The Company conducts one type of activity, representing the provision of medical care.

b. Geographical Distribution

The Company's activities are mainly in the Hashemite kingdom of Jordan with no activities abroad.

18. Legal Claims

- Lawsuits against the Company amounted to JD 112,486 as of March 31, 2019 (JD 124,527 as of December 31, 2018). In the opinion of the Company's management and its legal advisor, most of these lawsuits are going to be ruled in favor of the Company.

- There are lawsuits filed by the Company against others of JD 8,480,760 as of March 31, 2019 (JD 8,278,724 as of December 31, 2018). The lawsuits are still pending at the courts.

19. Contingent Liabilities

The Company had contingent liabilities at the date of the condensed consolidated interim statement of financial position as follows:

- Performance guarantees of JD 34,000 with cash margins of JD 30,400.

- Main hospital building expansion with a total cost of JD 4,600,000.

- Contingent liabilities against unpaid shares in the capital of Madrid Housing and Real Estate Company Ltd of JD 30,000.

20. Fair Value Hierarchy

The Company's management believes that the carrying value of financial assets and financial liabilities approximates their fair value.

21. Contra Accounts

Accounts receivable are stated net after deducting an amount of JD 1.1 million representing doctors' fees as of March 31, 2019 and December 31, 2018, whereby the hospital collects these fees on behalf of doctors with no legal obligation. Consequently, this amount is shown as a contra account in the condensed consolidated interim financial statements.

22. Comparative figures

During the three months ended March 31, 2019, the Company's management adjusted the comparative figures for the three months ended March 31, 2018 as per the requirements of IAS (8). The impact of the restatement on the statement of Changes in Equity for the three months ended March 31, 2018 is as a result of error relation to the calculation and initial application of the Expected Credit Loss.

| | March 31, 2018 | | |
|---|---|---|---|
| | Balance before adjustments | Adjustments effect | Adjusted balance |
| | JD | JD | JD |
| **Statement of Shareholders' Equity** | | | |
| Retained Earnings | 1,107,360 | (264,126) | 843,234 |