

THE CONSULTANT AND INVESTMENT GROUP COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2023

**Report on Review of Interim Condensed Consolidated Financial Statements
To the Board of Directors of The Consultant and Investment Group Company
Public Shareholding Company
Amman - Jordan**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of The Consultant and Investment Group Company - Public Shareholding Company (the "Company") and its subsidiary (the "Group") as at 30 September 2023, comprising of the interim condensed consolidated statement of financial position as at 30 September 2023 and the related interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 ("Interim Financial Reporting"). Our responsibility is to express a conclusion on these interim condensed consolidated 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 Entity". A review of 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 that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other Matter

The consolidated financial statements for the year ended 31 December 2022 and the interim condensed consolidated financial statements for the period ended 30 September 2022 were audited and reviewed by another auditor who expressed an unqualified opinion and unqualified conclusion on 30 March 2023 and 31 October 2022, respectively.

Amman – Jordan
30 October 2023

ERNST & YOUNG
Amman - Jordan

THE CONSULTANT AND INVESTMENT GROUP COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Notes	30 September 2023 JD (Unaudited)	31 December 2022 JD (Audited)
<u>ASSETS</u>			
NON-CURRENT ASSETS -			
Property and equipment	3	17,324,222	17,846,894
Projects under construction	3	12,576,927	11,310,514
Deferred tax assets	5	697,181	697,181
Right of use assets		501,766	751,597
		<u>31,100,096</u>	<u>30,606,186</u>
CURRENT ASSETS -			
Medicine and medical supplies		1,491,986	1,493,039
Accounts receivable		3,666,157	3,983,593
Other debit balances		1,205,209	1,318,455
Cash and bank balances	7	295,856	153,995
		<u>6,659,208</u>	<u>6,949,082</u>
TOTAL ASSETS		<u><u>37,759,304</u></u>	<u><u>37,555,268</u></u>
<u>EQUITY AND LIABILITIES</u>			
SHAREHOLDERS' EQUITY -			
Paid-in capital	1,6	20,000,000	20,000,000
Statutory reserve	6	793,808	793,808
Retained earnings		928,039	431,338
NET EQUITY		<u>21,721,847</u>	<u>21,225,146</u>
LIABILITIES			
NON - CURRENT LIABILITIES -			
Long term liabilities against finance lease contracts	4	6,820,119	7,895,948
Lease contracts liabilities		448,752	495,922
		<u>7,268,871</u>	<u>8,391,870</u>
CURRENT LIABILITIES -			
Bank overdrafts	7	47,601	-
Short term liabilities against finance lease contracts	4	2,926,933	1,813,055
Lease contracts liabilities		223,240	246,705
Contingent liabilities provision		1,342,349	751,790
Accounts payable and other credit balances		4,036,056	4,598,394
Income tax provision	5	192,407	528,308
		<u>8,768,586</u>	<u>7,938,252</u>
TOTAL LIABILITIES		<u>16,037,457</u>	<u>16,330,122</u>
TOTAL EQUITY AND LIABILITIES		<u><u>37,759,304</u></u>	<u><u>37,555,268</u></u>

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

THE CONSULTANT AND INVESTMENT GROUP COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2023	2022	2023	2022
		JD	JD	JD	JD
Operating revenues		5,222,476	5,065,039	14,138,707	13,570,023
Cost of revenues		(3,933,303)	(3,684,162)	(10,723,328)	(10,359,341)
Gross profit		1,289,173	1,380,877	3,415,379	3,210,682
General and administrative expenses		(798,851)	(767,277)	(2,416,780)	(2,071,277)
Provision of contingent liabilities		(22,500)	-	(267,500)	-
Finance costs and lease liabilities		(95,555)	(98,848)	(281,543)	(258,745)
Provision for expected credit loss		-	(150,000)	-	(150,000)
Other income – net		77,717	142,626	194,665	256,396
Profit for the period before income tax		449,984	507,378	644,221	987,056
Income tax	5	(55,281)	(143,961)	(147,520)	(244,688)
Profit for the period		394,703	363,417	496,701	742,368
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		394,703	363,417	496,701	742,368
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted profit per share for the period	10	0/020	0/018	0/025	0/037

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

THE CONSULTANT AND INVESTMENT GROUP COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Paid-in capital JD	Statutory reserve JD	Retained earnings JD	Total JD
For the nine months period ended 30 September 2023 -				
Balance as at 1 January 2023	20,000,000	793,808	431,338	21,225,146
Total comprehensive income for the period	-	-	496,701	496,701
Balance as at 30 September 2023	<u>20,000,000</u>	<u>793,808</u>	<u>928,039</u>	<u>21,721,847</u>
For the nine months period ended 30 September 2022 -				
Balance as at 1 January 2022	20,000,000	665,808	(323,686)	20,342,122
Total comprehensive income for the period	-	-	742,368	742,368
Balance as at 30 September 2022	<u>20,000,000</u>	<u>665,808</u>	<u>418,682</u>	<u>21,084,490</u>

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

THE CONSULTANT AND INVESTMENT GROUP COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Notes	For the nine months ended 30 September	
		2023	2022
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Profit for the period before tax		644,221	987,056
Adjustments for:			
Finance costs and lease liability interest		281,543	258,745
Depreciation	3	820,737	890,774
Depreciation on right-of-use assets		249,831	249,831
Provision for contingent liabilities		267,500	-
Provision for expected credit loss		-	150,000
Provision for employees' vacations		37,074	36,168
Provision for end of service indemnity		18,117	13,695
Working capital changes:			
Medicine and medical supplies		1,053	(151,235)
Accounts receivable		317,436	(204,528)
Other debit balances		117,892	(200,606)
Accounts payable and other credit balances		(165,113)	(3,035)
Income tax paid	5	(483,421)	(215,909)
Provision for employees' vacations paid		(17,995)	(20,355)
Provision for end of service indemnity paid		(2,076)	(8,424)
Net cash flows from operating activities		2,086,799	1,782,177
<u>INVESTING ACTIVITIES</u>			
Purchases of property and equipment	3	(298,065)	(551,687)
Restricted deposits		-	557,748
Projects under construction	3	(1,266,413)	(942,986)
Net cash flows used in investing activities		(1,564,478)	(936,925)
<u>FINANCING ACTIVITIES</u>			
Liabilities against finance lease contracts		38,049	157,129
Finance costs and lease liabilities interests paid		(281,543)	(258,745)
Lease liabilities paid		(205,491)	(299,041)
Net cash flows used in financing activities		(448,985)	(400,657)
Net increase in cash and cash equivalents during the period		73,336	444,595
Cash and cash equivalents at the beginning of the period		174,919	171,315
Cash and cash equivalents at the end of the period	7	248,255	615,910

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

THE CONSULTANT AND INVESTMENT GROUP COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

(1) GENERAL

The Consultant and Investments Group Company (Istishari Hospital) was established and registered on 7 November 1995, as a Public Shareholding Company. The Company's paid-in capital is JD 8,000,000. It was increased in prior years in phases to become JD 20,000,000 as at 30 September 2023. The Company's offices are located in Wadi Saqra, P.O Box 840431 Amman 11184 The Hashemite Kingdom of Jordan.

The principal activities of the Company are industrial construction, commercial agencies, investment in commercial and financial projects, establishment and management of health and construction projects, real estate, residential, urban or industrial, commercial markets of all kinds and related services.

The interim condensed consolidated financial statements were approved by the board of directors on 29 October 2023.

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation –

The interim condensed consolidated financial statements as at 30 September 2023 have been prepared in accordance with International Accounting Standard (34), ("Interim Financial Reporting").

The interim condensed consolidated financial statements are presented in Jordanian Dinars, which is the functional currency of the Group.

The interim condensed consolidated financial statements do not contain all information and disclosures that are required by the International Financial Reporting Standards (IFRSs) and should be read in conjunction with the Group's annual report as at 31 December 2022. In addition, the results of the nine-month period ended 30 September 2023 are not necessarily indicative of the result that may be expected for the financial year ending 31 December 2023.

The interim condensed consolidated financial statements comprise the financial statements of the Company and the following subsidiary:

	Capital JD	Nature of activity	Ownership Percentage	
			30 September 2023	31 December 2022
			%	%
Al Motamaizah for Hospital Management Co	15,000	Hospital services and import of medical devices and supplies	100	100

CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new standards effective as of 1 January 2023:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 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. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 has been applied retrospectively on 1 January 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

(3) PROPERTY, EQUIPMENT AND PROJECTS UNDER CONSTRUCTION

Property and Equipment:

During the nine-month period ended 30 September 2023, the Group purchased property and equipment at a cost of JD 298,065 (30 September 2022: JD 551,687). The depreciation amounted to JD 820,737 for the nine months ended 30 September 2023 (30 September 2022: JD 890,774).

Projects Under Construction:

This account represents the expansion project of the main building of the hospital. Additions to projects under construction during the nine-month period ended 30 September 2023 were amounted to JD 1,266,413 (30 September 2022: JD 942,986) and it is expected to be completed during the years 2023 and 2024.

(4) LIABILITIES AGAINST FINANCE LEASE CONTRACTS

On 28 July 2016, the Group signed a finance lease contract 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 Group 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 31 August 2017 in monthly installments of JD 55,931 each. 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%.

According to the finance lease contracts, the Group'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 Group signed an Istisna'a agreement on 5 September 2019 for the purpose of expanding the fourth and fifth floors of the hospital's building with a total value of JD 1,694,812 with an annual margin of 2.36% which are paid on 48 monthly installments. These amounts are guaranteed against a first-rate mortgage on a plot of land in the amount of JD 2.2 million.

The Group signed a leasing agreement to finance the solar energy project on 18 November 2018, with a total value of JD 2,490,750 with Ijara return rate of 2.5% annually to be repaid on 109 monthly installments divided over 9 years where the monthly installment amounted to JD 22,851.

During the year 2022, the Group signed financial leasing agreements to purchase the two plots of land No. 954 and 1028 in Wadi Saqra Basin No. 18 with the Islamic International Arab Bank, provided that the lease period is 120 months divided into 10 years, and to be paid monthly starting from 30 November 2023. The percentage of the first lease return was 6.2% of the original financing value.

The annual payments and the finance installments due dates are as follows:

Year	Amount
	JD
1 October 2023 until 30 September 2024	2,926,933
1 October 2024 until 30 September 2025	2,993,263
1 October 2025 until 30 September 2026	1,525,932
1 October 2026 until 30 September 2027	647,625
2027 and after	1,653,299
	<u>9,747,052</u>

THE CONSULTANT AND INVESTMENT GROUP COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

(5) INCOME TAX

Income tax provision for the periods ended at 30 September 2023 and 2022 was calculated in accordance with the Income Tax Law No. (34) of 2014 and its amendments. The income tax rate for the Group is 20% in addition to a 1% National Contribution tax.

The Consultant and Investment Group Company

The Income Tax and Sales Department audited tax returns for the years between 2016 and 2020 as the Company reached a final settlement with the Income and Sales Tax Department up to the year 2020. During 2021, the Income Tax and Sales Department referred to the declarations for the above-mentioned years and issued a preliminary decision for JD 2.3 million of claims against the Group. The Group's management objected to the decision and filed a lawsuit against the Income and Sales Tax Department, and the judgment in the case is still pending before the Tax Court. The Income and Sales Tax Department is currently auditing the tax returns of the years 2021 and 2022 and did not issue their final decision up to the date of these interim condensed consolidated financial statements.

Al Motamaizah for Hospital Management Co (Subsidiary)

The Company reached a final settlement with the Income Tax and Sales Department up to the year 2021. The Company submitted its tax declaration for 2022 within the legal period and has not been reviewed by the Income Tax Department up to the date of these interim condensed consolidated financial statements.

Movement on income tax provisions was as follow:

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/year	528,308	274,334
Income tax for the period/year	147,520	481,954
Income tax paid	(483,421)	(227,980)
Ending balance for the period/year	192,407	528,308

Movement on deferred tax assets was as follow:

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/year	697,181	612,209
Additions during the period/year	-	84,972
Ending balance for the period/year	697,181	697,181

THE CONSULTANT AND INVESTMENT GROUP COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

(6) EQUITY

Paid in Capital -

The authorized and paid-in capital amounted to JD 20,000,000 at par value of JD 1 each.

Statutory reserve -

The accumulated amounts in this account represent appropriations of 10% of annual profit before tax and is not available for distribution to shareholders. Statutory reserve should not exceed 25% of the Group's paid in capital.

(7) CASH AND BANK BALANCES

Cash and cash equivalent in the interim condensed consolidated statement of financial position is as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	173,597	54,660
Cash at banks	122,259	120,259
Total	295,856	174,919
Provision for expected credit losses	-	(20,924)
	295,856	153,995

For the purpose of interim condensed consolidated statement of cashflows, the details of cash and cash equivalents are as follow:

	30 September 2023	30 September 2022
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks before provision for expected credit losses	295,856	615,910
Bank overdrafts	(47,601)	-
	248,255	615,910

(8) RELATED PARTY TRANSACTIONS AND BALANCES

Related parties transactions represent transactions with the subsidiary, major shareholders, directors and key management personnel of the Group and the companies which they are major shareholders in. Pricing policies and terms of the transactions with related parties are approved by the Group's management.

THE CONSULTANT AND INVESTMENT GROUP COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

The following is a summary of compensations (salaries, allowances and other benefits) of key management personnel of the Group:

	30 September 2023	30 September 2022
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and other benefits of key management personal	139,500	139,500

(9) CONTINGENT LIABILITIES

Letters of credit and guarantees –

As at the interim condensed consolidated financial statements date, the Group has outstanding letters of credit and guarantees with an amount of JD 84,436 as at 30 September 2023 (31 December 2022: JD 159,644).

Lawsuits –

In addition to what is mentioned in note (5) to the interim condensed consolidated financial statements regarding the Income Tax and Sales Department decision to impose an additional income tax on the Group for the years between 2016-2020 and its related litigation where the Group has recorded a provision against this claim, the Group is defendant in a number of lawsuits with an amount of JD 98,181 as at 30 September 2023 (31 December 2022: JD 117,467). The Group management and its legal counsel believe that the provision taken against these is adequate to meet any obligations that may arise and no need to book additional provision against these lawsuits.

Contractual obligations –

As at the interim condensed consolidated financial statements the Group has contractual obligations of hospital building expansions contracts with amount of JD 3.5 million as at 30 September 2023 (31 December 2022: JD 2.2 million).

(10) BASIC AND DILUTED EARNINGS PER SHARE

	For the nine months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
Profit for the period (JD)	496,701	742,368
Weighted average number of shares (Share)	20,000,000	20,000,000
	JD/Fils	JD/Fils
Basic and diluted earning per share for the period	0/025	0/037