

شركة المجموعة الاستشارية
الاستثمارية المساهمة العامة المحدودة

الرقم: 2018/69/13/5
التاريخ: 2018/3/31

السادة هيئة الاوراق المالية المحترمين

تحية طيبة وبعد ،،،،

نرفق لكم طيه البيانات المالية باللغة الانجليزية لشركة المجموعة الاستشارية الاستثمارية المساهمة العامة
المحدودة لعام 2017.

وتفضلوا بقبول فائق الاحترام

المدير العام

الدكتور موسى صالح



• نسخة الى :
مركز ابداع الاوراق المالية
بورصة عمان

THE CONSULTANT AND INVESTMENT GROUP COMPANY
(PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN

FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017

TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

THE CONSULTANT AND INVESTMENT GROUP COMPANY
(PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
FOR THE YEAR ENDED
DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of
The Consultant and Investment Group Company
(Public Limited Shareholding Company)
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Consultant and Investment Group Company (Public Limited Shareholding Company), which comprise the statement of financial position as of December 31, 2017, and the statement of income and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant to our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Adequacy of the Provision for Doubtful Debts

The provision for doubtful debts is a significant matter to the financial statements. It requires making assumptions, management's assessments of credit impairment, probability of uncollectability of the debts due to deteriorating financial and economic conditions of some debtors, as well as inadequacy of guarantees. In this regard, the Company's total receivables amounted to JD 2,035,750 net of provisions and represent 9% of total assets as of December 31, 2017.

Scope of Audit to Address Risk

Our audit procedures included understanding the nature of the process credit granting, monitoring credit and evaluating the reasonableness of management's assessments of the impairment provision. In this regards, we studied and understood the company's policy in calculating the provisions. Moreover, we selected and studied a sample of the receivables at the Company's level as a whole. In addition, we evaluated the factors affecting the calculation of the provision such as evaluating the available collaterals (if any) and customers' solvency to verify the adequacy of the provisions taken, in addition to recalculating the provision that should be taken for the sample.

Furthermore, we evaluated the adequacy of the disclosures about the receivables related to financing activities and the provision for doubtful debts Note (9).

Other Matters

We have previously audited the financial statements for the year ended December 31, 2016 and issued our qualified opinion thereon on March 26, 2017.

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

Other Information

Management is responsible for the other information. The other information comprises the information in the Annual Report, other than the financial statements, and the auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

From the matters communicated with those charged with governance, we determine those matters that were of most significance to the audit of the financial statements for the current year and are therefore key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records, which are in agreement with the accompanying financial statements, in all material respects, and we recommend that the General Assembly approve these financial statements.

Deloitte & Touche

Deloitte & Touche (Middle East) – Jordan

**Amman – Jordan
March 29, 2018**



THE CONSULTANT AND INVESTMENT GROUP COMPANY
(PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
STATEMENT OF FINANCIAL POSITION

		December 31,	
	Note	2017	2016
<u>NON-CURRENT ASSETS:</u>		JD	JD
Property and equipment - net	4	15,540,821	13,902,707
Investment in unconsolidated subsidiary	5	15,000	15,000
Project under construction	6	90,918	333,581
Advance payments to purchase medical equipment	7	1,417,751	1
Deferred tax assets	17/A	2,775	190,792
Total Non-Current Assets		<u>17,067,265</u>	<u>14,442,081</u>
<u>CURRENT ASSETS:</u>			
Medicine and medical supplies	8	1,237,094	977,762
Receivables - net	9	2,035,750	894,443
Other debit balances	10	446,260	330,841
Checks under collection - short term	11	24,965	59,553
Cash on hand and at banks	12	3,085,648	623,529
Total Current Assets		<u>6,829,717</u>	<u>2,886,128</u>
TOTAL ASSETS		<u>23,896,982</u>	<u>17,328,209</u>
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
<u>SHAREHOLDERS' EQUITY:</u>			
Paid-up capital	13/A	13,500,000	9,825,362
Share premium	13/A	-	-
Statutory reserve	13/B	362,012	275,503
Retained earnings	13/A	1,107,360	516,801
Total Shareholders' Equity	15	<u>14,969,372</u>	<u>10,617,666</u>
<u>LIABILITIES:</u>			
<u>NON-CURRENT LIABILITIES:</u>			
Long-term liabilities against finance lease contracts	14	<u>3,402,212</u>	<u>3,748,255</u>
Total Non - Current Liabilities		<u>3,402,212</u>	<u>3,748,255</u>
<u>CURRENT LIABILITIES:</u>			
Payables		1,145,186	1,022,875
Short-term liabilities against finance lease contracts	14	623,721	232,211
Provision for claims	16	401,785	401,785
Other credit balances	15	3,354,706	1,274,195
Income tax provision	17/B	-	31,222
Total Current Liabilities		<u>5,525,398</u>	<u>2,962,288</u>
TOTAL LIABILITIES		<u>8,927,610</u>	<u>6,710,543</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>23,896,982</u>	<u>17,328,209</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM
AND WITH THE ACCOMPANYING AUDIT REPORT.

Board of Directors Chairman

General Manager

THE CONSULTANT AND INVESTMENT GROUP COMPANY

(PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

		For the Year Ended	
		<u>December 31,</u>	
	<u>Note</u>	<u>2017</u>	<u>2016</u>
		JD	JD
Operating revenue	18	15,090,483	13,365,203
Cost of revenue	19	<u>(12,083,715)</u>	<u>(10,650,748)</u>
Gross Profit		3,006,768	2,714,455
General and administrative expenses	20	(2,278,419)	(2,553,178)
Surplus in provision for doubtful debts - net	9	220,450	405,389
Finance costs		(369,553)	(430,345)
Marketing expenses		(89,819)	(14,660)
Other revenue - net	21	<u>375,658</u>	<u>275,262</u>
Income for the Year before Tax		865,085	396,923
Income tax expense / tax benefit	17/c	<u>(188,017)</u>	<u>159,570</u>
Income for the Year / Total Comprehensive Income for the Year		<u><u>677,068</u></u>	<u><u>556,493</u></u>
Earnings per share for the year - Basic and diluted	22	<u><u>0.057</u></u>	<u><u>0.026</u></u>

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Board of Directors Chairman

General Manager

THE CONSULTANT AND INVESTMENT GROUP COMPANY

(PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-up	Share	Statutory	Retained Earnings			
	Capital	Premium	Reserve	Realized	Unrealized	Total	Total
<u>For the Year Ended December 31, 2017</u>	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	9,825,362	-	275,503	326,009	190,792	516,801	10,617,666
Shareholders' deposits-fractional shares (Note 13/A)	3,674,638	-	-	-	-	-	3,674,638
Total comprehensive Income for the year	-	-	-	677,068	-	677,068	677,068
Transfer during the year	-	-	-	188,017	(188,017)	-	-
Transferred to reserve	-	-	86,509	(86,509)	-	(86,509)	-
Balance at the End of the Year	<u>13,500,000</u>	<u>-</u>	<u>362,012</u>	<u>1,104,585</u>	<u>2,775</u>	<u>1,107,360</u>	<u>14,969,372</u>
<u>For the Year Ended December 31, 2016</u>							
Balance at the beginning of the year	22,000,000	2,361,700	235,811	(14,536,338)	-	(14,536,338)	10,061,173
Amortization of accumulated losses (Note 13/A)	(12,174,638)	(2,361,700)	-	14,536,338	-	14,536,338	-
Total comprehensive Income for the year	-	-	-	556,493	-	556,493	556,493
Transfer during the year	-	-	-	(190,792)	190,792	-	-
Transferred to reserve	-	-	39,692	(39,692)	-	(39,692)	-
Balance at the End of the Year	<u>9,825,362</u>	<u>-</u>	<u>275,503</u>	<u>326,009</u>	<u>190,792</u>	<u>516,801</u>	<u>10,617,666</u>

- The retained earnings balance includes JD 2,775 as of December 31, 2017 (JD 190,792 as of December 31, 2016) restricted against deferred tax assets.

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THE CONSULTANT AND INVESTMENT GROUP COMPANY
(PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
STATEMENT OF CASH FLOWS

	Note	December 31,	
		2017	2016
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax for the year		865,085	396,923
Adjustments:			
Depreciation of property and equipment	4	621,183	822,975
(Surplus) In the provision for doubtful debts-net	9	(220,450)	(405,389)
Employees' vacations provision	15	60,554	79,438
End-of-service Indemnity provision	15	33,339	164,074
Finance costs		369,553	430,345
(Gain) on sale of property and equipment	21	(1,724)	(35,824)
Net Cash Flows from Operating Activities before Changes in Working Capital Items		1,727,540	1,452,542
(Increase) in medicine and medical supplies		(259,332)	(343,178)
(Increase) in receivables		(920,857)	(122,501)
Decrease (increase) in checks under collection		34,588	(40,841)
(Increase) in other debit balances		(115,419)	(128,746)
Increase in accounts payable		122,311	409,386
Increase in other credit balances		2,039,727	134,405
Net Cash Flows from Operating Activities before Provision Paid for Employees' Vacation		2,628,558	1,361,067
Paid from employees' vacations provision	15	(36,108)	(66,029)
Paid form end-of-service indemnity provision	15	(17,001)	(169,330)
Income tax paid	17	(31,222)	(2,625)
Net Cash Flows from Operating Activities		2,544,227	1,123,083
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of property and equipment	4	(1,620,249)	(318,863)
Proceeds received from sale of property and equipment		1,726	-
(Increase) In advances for purchase of property and equipment		(1,417,750)	-
(Increase) in project under construction		(396,387)	(333,581)
(Increase) in deposit at bank		(3,000,000)	-
Net Cash Flows (used in) Investing Activities		(6,432,660)	(652,444)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Finance lease contracts and loans received		325,117	4,387,651
Finance lease contracts and loans paid		(279,650)	(3,955,503)
Capital Increase payment		3,674,638	-
Finance costs paid		(369,553)	(314,645)
Net Cash Flows from Financing Activities		3,350,552	117,503
Net (Decrease) Increase in Cash		(537,881)	588,142
Cash and cash equivalent - beginning of the year		623,529	35,387
Cash and Cash Equivalent - End of the Year	23	85,648	623,529

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THE CONSULTANT AND INVESTMENT GROUP COMPANY
(PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
NOTES TO THE FINANCIAL STATEMENTS

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 Board of Directors approved the issuance of 3,674,638 shares of the authorized shares for JD1 each, so that capital would become JD 13.5 million. Moreover, the Company completed the capital increase procedures on July 4, 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 projects related to healthcare, real estate, housing and buildings in addition to industrial projects and commercial markets;
 - Constructing commercial markets of all types; and
 - Conducting health - 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, 2018.
- d. The financial statements were approved by the Board of Directors on March 21, 2018.

2. Basis of Preparation of the Financial Statements

- The accompanying financial statements are prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) and the related interpretations issued by the Committee of the IASB.
- The financial statements are prepared under the historical cost basis except for financial assets and financial liabilities shown at fair value at the date of the financial statements.
- The reporting currency of the financial statements is the Jordanian Dinar, which is the functional currency of the Company.

The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2016 except for what is mentioned in Note (31.a).

The following are the most significant accounting policies used during the year ended December 31, 2017:

a. Property and Equipment

- Property and equipment are stated at cost, net of accumulated depreciation and any impairment in their value. Moreover, property and equipment are depreciated when ready for use according to the straight-line method over their expected useful lives using the rates ranging from 2% to 33%.
- When the recoverable amount of any property and equipment becomes less than its net book value, its value is reduced to the recoverable amount, and the impairment loss is charged to the statement of income.
- The useful lives of property and equipment are revalued at the end of each year. If the revaluation differs from previous estimates, the change is recorded in subsequent years, being a change in estimate.
- Property and equipment are eliminated when disposed of or when no future benefits are expected from their use or disposal.

b. Investment in Un-Consolidated Subsidiary

This item represents the investment in the Mutamaiyzah Hospital Management Company established for managing hospitals in the region. Moreover, this investment has not been included in the Company's financial statements for the year ended December 31, 2017 and 2016, as the subsidiary company has not conducted any commercial activities nor commenced the purposes for which it was founded until the date of the financial statements; as well as due to the immateriality of its assets and liabilities.

c. Accounts Receivable

Accounts receivable are stated at net realizable value after booking a provision for doubtful debts.

d. Medicine and Medical Supplies

Medicine and medical supplies are stated at cost (according to the weighted average method) or net reliable value, whichever is lower after deducting the provision for expired and obsolete items.

e. Finance Lease Contract Liabilities

Operating lease payments are recorded as expenses according to the straight-line method over the lifetime of the lease.

The lease under which all risks and rewards related to ownership is classified within the finance lease contract. Moreover, assets held as per the finance lease contracts are recognized as assets of the company at fair value as of the lease start date or at the present value of the minimum lease payment, whichever is lower. In addition, lease liabilities are stated in the statement of financial position as liabilities according to the finance lease agreement. In this regard, lease payments are distributed between financing expenses and reducing the remaining liability amount, thus leading to a periodic discount rate on the liability remaining balance. Meanwhile, financing expenses are charged to the statement of income.

f. Provisions

Provisions are recognized when the Company has legal obligations as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

g. Revenue

The revenue from medical services and sales of medicine and medical/supplies is recognized once the service is rendered and the medicine and medical supplies are delivered to the client.

h. Income Tax Expenses

Income tax expenses represent accrued taxes and deferred taxes.

Accrued income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, or 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.

Deferred taxes are expected to be paid or recovered due to temporary timing differences between the value of the assets or liabilities in the financial statements and the value on the basis of which taxable income is calculated. Furthermore, deferred taxes are calculated using the liability method in the statement of financial position according to the tax rates expected to be applied at the time of tax liability settlement or the recognition of the deferred tax assets and liabilities.

Deferred tax assets and liabilities are reviewed as of the date of the financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

i. Borrowing Cost

Borrowing cost is calculated based on the accrual basis according to the maturities of the time periods, outstanding balance, and prevailing average interest rate.

j. Foreign Currency Transaction

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the transaction date. Transactions in foreign currencies during the fiscal year are stated according to the exchange rates prevailing on the transaction date. Assets and liabilities in foreign currencies are converted to Jordanian Dinar at the exchange rates prevailing on the statement of financial position date, and the resulting exchange differences are taken to the statement of income and comprehensive income.

k. End-of-service Indemnity Provision

A provision is taken to meet the legal and contractual obligations related to the end-of-service indemnities of the employees who are not enrolled for social security in the statement of income. The annual compensation paid to the employees who leave the service is carried to the provision for end-of-service indemnities when paid

l. Annual Vacation Provision

Provision is taken for unutilized annual leave days for employees at the date of the financial statement in the statement of income.

m. Project Under Construction

Projects under construction are carried at cost less any impairment loss. Such cost includes expenditures directly attributable to the acquisition of assets. Depreciation on these assets commences when they are ready for their intended use.

3. Accounting Estimates

Preparation of the accompanying financial statements and the application of accounting policies require the Company's management to estimate and assess some items affecting assets and liabilities, and to disclose contingent liabilities. These estimates and assumptions also affect income, expenses, and provisions, and require 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.

Management believes that the estimates in the financial statements are reasonable, and the details are as follows:

A provision for doubtful debts is taken on the basis and estimates approved by Management in conformity with International Financial Reporting Standards (IFRS).

Management periodically reassesses the economic useful lives of property, equipment, and other assets for the purpose of calculating annual depreciation based on the general conditions of these assets and their estimated useful economic lives. Impairment loss (if any) is taken to the statement of income for the year.

A provision for lawsuits raised against the Company is taken based on a legal study prepared by the Company's lawyer. According to the study, potential future risks are identified, and the provision is revised periodically.

Management periodically reviews its assets stated at cost to evaluate any impairment in their value. Moreover, the related impairment is taken to the statement of income.

4. Property and Equipment - Net

This item consists of the following:

	Lands *		Real state		Machinery and Medical Equipment		Furniture and Fixtures		Computers and Electronic Equipment		Vehicles		Elevators and Buildings		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
Cost:																
Balance as of January 1, 2017	6,341,905		8,310,965		8,982,583		1,912,752		1,666,867		196,072		445,408		27,856,552	
Additions	1,012,501		-		490,419		71,636		45,693		-		-		1,620,249	
Disposals	-		-		(43,036)		-		-		-		-		(43,036)	
Transfers from projects under construction Note (6)	-		-		-		-		-		-		639,050		639,050	
Balance as of December 31, 2017	7,354,406		8,310,965		9,429,966		1,984,388		1,712,560		196,072		1,084,458		30,072,815	
Accumulated Depreciation:																
Balance as of January 1, 2017	-		1,639,866		8,672,031		1,656,659		1,430,034		188,691		366,564		13,953,845	
Additions	-		166,211		215,330		58,159		90,492		3,521		87,470		621,183	
Disposals	-		-		(43,034)		-		-		-		-		(43,034)	
Balance at December 31, 2017	-		1,806,077		8,844,327		1,714,818		1,520,526		192,212		454,034		14,531,994	
Net Book Value as of December 31, 2017	7,354,406		6,504,888		585,639		269,570		192,034		3,860		630,424		15,540,821	
Cost:																
Balance as of January 1, 2016	6,306,081		8,302,465		8,805,814		1,851,840		1,630,009		196,072		445,408		27,537,689	
Additions	35,824		8,500		176,769		60,912		36,858		-		-		318,863	
Balance as of December 31, 2016	6,341,905		8,310,965		8,982,583		1,912,752		1,666,867		196,072		445,408		27,856,552	
Accumulated Depreciation:																
Balance as of January 1, 2016	-		1,475,106		8,184,324		1,611,825		1,322,533		183,123		353,959		13,130,870	
Additions	-		164,760		487,707		44,834		107,501		5,568		12,605		822,975	
Balance at December 31, 2016	-		1,639,866		8,672,031		1,656,659		1,430,034		188,691		366,564		13,953,845	
Net Book Value as of December 31, 2016	6,341,905		6,671,099		310,552		256,093		236,833		7,381		78,844		13,902,707	
Annual Depreciation Rate %	-		2		10 - 20		12		12 - 33		15		10 - 20			

* As mentioned in Note (14), a finance lease agreement was signed concerning Land No.(1284) with Arab Islamic Bank on July 28, 2016.

- Property and equipment includes fully depreciated assets of JD 10,214,656 as of December 31, 2017.

5. Investment in an Unconsolidated Subsidiary

This item represents investment in the Mutamaizah Hospital Management Company, which was established on September 15, 2011 with an authorized and paid capital of JD 15,000. Moreover, this investment has not been included in the Company's financial statements for the year ended December 31, 2017, as the subsidiary company has not conducted any commercial activity nor started the purpose for which it was established until the financial statements date; as well as due to the immateriality of its assets and liabilities.

6. Projects under Construction

This item represents the following projects:

1. Leasehold improvement project: During the first half of the year 2017, the Company completed the project for a total cost of JD 639 thousand, which was capitalized in property and equipment during the first half of the year 2017.
2. Solar project: During the year ended December 31, 2017, the Company incurred JD 41 thousand, representing design expenses of the project. The project is expected to be completed during 2018 for a total cost of JD 2.5 million.
3. Expansion of the main building of the hospital project: The project was 1% completed as of December 31, 2017 for costs of JD 49 thousand. The project is expected to be completed during 2019 for a total costs of JD 3 million.

Movement on projects under construction during the year was as follows:

	For the Year Ended December 31,	
	2017	2016
	JD	JD
Balance at the beginning of the year	333,581	-
Additions during the year	396,387	333,581
Transferred to property and equipment - Note (4)	(639,050)	-
Balance at the End of Year	<u>90,918</u>	<u>333,581</u>

7. Advance Payment to Purchase Medical Equipment

This item represents:

	For the Year Ended December 31,	
	2017	2016
	JD	JD
Advance payment to purchase medical equipment	1,858,936	441,186
Provision for advance payment to purchase medical equipment *	(441,185)	(441,185)
	<u>1,417,751</u>	<u>1</u>

This account represents an advance payment to purchase medical equipment for JD 1,417,751 expected to be received during the year 2018. This amount was paid in cash and deferred checks.

- * In prior years, the Company took full provision for the advance payments to purchase some medical equipment, as this equipment did not fulfill the required specifications, and management was unable to determine its usefulness.

8 Medicine and Medical Supplies

This item represents:

	December 31,	
	2017	2016
	JD	JD
Main medical warehouse	565,426	272,859
Pharmacy warehouse	123,239	93,874
Medical supplies warehouse	137,351	160,368
Floors and department warehouse	251,970	260,496
Medical spare parts warehouse	59,295	71,412
Other warehouses	99,813	118,753
	<u>1,237,094</u>	<u>977,762</u>

9. Receivables – Net

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Receivables	2,819,159	5,228,743
<u>Less:</u> discounts allowable	(310,084)	-
Provision for doubtful debts *	<u>(473,325)</u>	<u>(4,334,300)</u>
	<u>2,035,750</u>	<u>894,443</u>

- * The movement on the provision for doubtful debts during the year is as follows:

	2017	2016
	JD	JD
Beginning balance	4,334,300	4,827,457
Additions during the year	-	9,661
Written-off **	(140,044)	(87,768)
Debts settled during the year	(220,450)	(415,050)
Transferred to off statement of financial position ***	<u>(3,500,481)</u>	-
Balance at the End of the Year	<u>473,325</u>	<u>4,334,300</u>

- ** The Board of Directors approved writing off these balances during the year.

- *** According to the Board of Directors' decision in their meeting held on December 21, 2017, receivables of JD 3,500,481 were transferred to off-statement of financial position items. Moreover, a fully covered provision has been taken for these receivables.

10. Other Debit Balances

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Earned revenue-unissued patients invoices	187,369	95,382
Claim on patients' deposits *	127,676	127,676
Advance payments for computer purchase	284,150	284,150
Advance payments for purchase of electric generator	99,229	99,228
Prepared expenses	148,010	193,109
Refundable deposits	38,850	38,850
Outstanding billings	17,229	1,768
Other	54,801	1,732
	<u>957,314</u>	<u>841,895</u>
<u>Less:</u> Provision for payments on account of purchasing computer programs	(284,150)	(284,150)
Provision for payments on account of purchasing an electric generator	(99,228)	(99,228)
Provision for patients' deposits difference *	<u>(127,676)</u>	<u>(127,676)</u>
	<u>446,260</u>	<u>330,841</u>

- * This item represents claims for patients' deposits and their related provision to settle the difference in the patients' deposits debit account.

11. Checks under Collection

This item represents:

	December 31,	
	2017	2016
	JD	JD
Short-term checks under collection*	24,965	59,553
	<u>24,965</u>	<u>59,553</u>

- * The maturity date of this check extends up to September 17, 2018.

12. Cash on Hand and at Bank

This item represents:

	December 31,	
	2017	2016
	JD	JD
Cash on hand	57,456	51,475
Cash at bank	28,192	572,054
Deposit *	3,000,000	-
	<u>3,085,648</u>	<u>623,529</u>

- * This item represents a deposit at the Arab International Islamic Bank for six months at a Murabaha rate of 3% as of December 31, 2017.

13. Shareholders' Equity

a. Capital, premium and retained earnings

During 2016, the Company decreased its capital to amortize accumulated losses. Consequently, capital became JD 9,825,362, divided into 9,825,362 shares at a par value of JD 1 each. Moreover, the Company completed the capital decrease procedures during 2016. Meanwhile, the Company's General Assembly, in its extraordinary meeting held on July 17, 2016, approved increasing the Company's authorized capital to JD 13,500,000 and covering the increase of JD 3,674,638 through private subscription by the Company's shareholders. In this respect, the Company's capital restructuring was approved by the Minister of Industry, Trade, and Supply on November 21, 2016. Moreover, a letter was obtained from the Securities Depository Center on May 23, 2017 stating that the Company's subscribed capital had been increased to 12,791,693 shares at a par value of JD 1 each. At the same time, previously unsubscribed shares relating to unexercised subscription rights amounted to 708,307 shares which were sold on Amman Stock Exchange on June 19, 2017 for a net amount of approximately JD 865 thousand. This amount includes JD 708 thousand to increase capital and JD 156 thousand, representing shareholders' deposits-fractional shares. In this regard, the Company completed the legal procedures for the latest increase of the authorized and paid-up capital to become JD 13.5 million, and obtained the required approvals on July 4, 2017.

b. Statutory reserve

The accumulated balance in this account represents appropriations from net income before tax for the year and previous years at 10%. This reserve cannot be distributed to shareholders.

14. Liabilities against Finance Lease Contract

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Liabilities against short-term finance lease contracts - Islamic Arab Bank	671,160	279,650
Short-term land ownership transfer fees	(47,439)	(47,439)
	<u>623,721</u>	<u>232,211</u>
Liabilities against long-term finance lease contracts - Islamic Arab Bank	3,714,519	4,108,001
Long-term land ownership transfer fees	(312,307)	(359,746)
	<u>3,402,212</u>	<u>(3,748,255)</u>
	<u>4,025,933</u>	<u>3,980,466</u>

The 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 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%, and the lease return amount was JD 277,680 as of December 31, 2017.

The movement on the loan and liabilities against the finance lease for the years 2017 and 2016 is as follows:

	2017	2016
	JD	JD
Beginning balance	3,980,466	3,432,618
Loans and financing lease received	325,117	4,387,651
Loans and financing lease paid	(279,650)	(3,955,503)
Accrued interest	-	115,700
Balance at the End of the Year	<u>4,025,933</u>	<u>3,980,466</u>

15. Other Credit Balances

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Shareholders' deposits-fractional shares - Note (13)	153,277	-
Vacation provision *	206,653	182,207
Accrued salaries and expenses	177,930	64,843
Provision for potential claims	62,829	62,829
Electromechanical contractors' retentions	86,550	86,550
Patients' deposits	68,019	54,071
Stamp fees deposits	69,495	69,495
Social security deposits	76,563	68,851
End-of-service indemnity provision **	53,594	37,256
Postponed checks	2,301,909	577,739
Income tax deposits	20,607	16,607
Other	77,152	53,747
	<u>3,354,706</u>	<u>1,274,195</u>

- * The movement on the provision for employees' vacation during the year is as follows:

	2017	2016
	JD	JD
Balance at the beginning of the year	182,207	168,798
Additions during the year	60,554	79,438
Paid during the year	(36,108)	(66,029)
Balance at the End of the Year	<u>206,653</u>	<u>182,207</u>

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

	2017	2016
	JD	JD
Balance at the beginning of the year	37,256	42,512
Additions during the year	33,339	164,074
Paid during the year	(17,001)	(169,330)
Balance at the End of the Year	<u>53,594</u>	<u>37,256</u>

16. Provision for Lawsuits

This item represents the provision taken by the Company to meet claims on contracts signed during the previous years, and the related procedures have not been completed yet.

17. Income Tax

a. Deferred Tax Assets

A settlement has been reached with the Income and Sales Tax Department for the years from 2012 to 2014, and resulted in carrying forward accumulated losses of approximately JD 967,088. Accordingly, the Company recorded deferred tax assets against those losses of JD 190,792. In this regard, the Company's management and tax adviser believe that the Company is capable of utilizing the deferred tax assets. Meanwhile, JD 188,017 from the available deferred tax assets was used during 2017, and the remaining balance is JD 2,775 as of December 31, 2017.

The details are as follows:

- The Company's income is taxable at 20%.
- b. Income tax provision
- The movement on the income tax provision is as follows:

	2017	2016
	JD	JD
Balance at the beginning of the year	31,222	-
Income tax for the year	-	2,625
Income tax paid for prior years **	-	31,222
Tax paid during the year	(31,222)	(2,625)
Ending balance	-	31,222

- ** During the year, the Tax Court of First Instance issued a decision obligating the Company to pay JD 31,222 to the Income and Sales Tax Department, representing tax on imported services.

c. Income tax recognized in the statement of income is as follows:

	2017	2016
	JD	JD
Income tax on profit for the year	-	(2,625)
Income tax paid for prior years	-	(31,222)
Deferred tax assets	(188,017)	193,417
Income tax/Tax benefits	(188,017)	159,570

*** Reconciliation at the accounting profit to the taxable profit is as follows:

	2017	2016
	JD	JD
Accounting profit	865,085	396,923
Non-taxable revenue	-	(502,580)
Non-taxable expenses	75,000	118,784
Tax profit	940,085	13,127
Income Tax Rate	20%	20%

A final settlement has been reached with the Income and Sales Tax Department until the end of the year 2014. Moreover, the tax returns for the years 2015 and 2016 have been submitted and the due taxes paid. However, these returns have not been reviewed by the Income and Sales Tax Department yet. In the opinion of the Company's tax consultant, the tax provisions are adequate, and no additional decisions are needed in this regard.

18. Operating Revenue

This item consists of the following:

	2017	2016
	JD	JD
Room fees	1,693,930	1,467,389
Medical supplies	3,597,315	2,768,627
Medical procedures	3,654,913	3,903,390
Pharmacy	3,039,556	2,664,967
Other departments	3,104,769	2,560,830
	<u>15,090,483</u>	<u>13,365,203</u>

19. Cost of Revenue

This item consists of the following:

	2017	2016
	JD	JD
Salaries and fringe benefits	4,002,409	3,613,380
Social security	482,288	426,334
Medicine and medical supplies	3,655,091	3,234,708
Electricity and water	1,038,658	1,036,634
Depreciation of property and equipment	490,171	685,865
Cleaning	332,948	320,523
Maintenance	279,068	230,635
Food	299,148	222,608
Consumables	821,132	364,675
Cafeteria expense	22,753	30,486
Fuel	118,694	95,380
Rent	327,462	49,623
Incendiary expenses	42,373	42,365
Revenue stamps	22,427	33,180
Real estate tax	20,197	21,439
Government fees	78,882	52,206
Other	50,014	186,677
	<u>12,083,715</u>	<u>10,650,748</u>

20. General and Administrative Expenses

This item consists of the following:

	2017	2016
	JD	JD
Salaries, wages, and benefits	962,571	999,571
Social security	102,232	102,232
End-of-service indemnity	164,074	164,074
Computer and program expense	17,841	25,857
Stationery and printing	54,568	67,435
Recruitment expense	41,691	61,251
Depreciation of property and equipment	131,012	137,110
Security and sentry	55,650	63,434
Maintenance	296,952	219,314
Professional fees	71,394	86,456
Insurance	130,345	134,744
Advertisements and subscriptions	48,442	45,271
Postage and telephone	32,807	36,975
Legal fees	33,077	78,215
BOD transportation	42,083	13,556
Employees' vacation expenses	60,554	79,438
Other	164,296	238,245
	<u>2,278,419</u>	<u>2,553,178</u>

21. Other Revenue - Net

This item consists of the following:

	2017	2016
	JD	JD
Rent	135,893	61,384
Car park income	53,029	47,074
Gain from selling property and equipment	1,724	35,824
Recovered end-of-service indemnity *	-	57,750
Other	185,012	73,230
	<u>375,658</u>	<u>275,262</u>

- * This item represents recovered staff end - of - service indemnity paid and non-recurring.

22. Earnings per Share - Basic and Diluted

This item consists of the following:

	For the Year Ended December 31,	
	2017	2016
	JD	JD
Income for the year	<u>677,068</u>	<u>556,493</u>
	Share	share
Weighted average number of shares	<u>11,902,185</u>	<u>20,985,447</u>
	JD/Share	JD/Share
Earnings per share for the year relating to the Company's shareholders-Basic and diluted	<u>0.057</u>	<u>0.026</u>

- The weighted average number of shares (basic and diluted) relates to the Company's shareholders, and has been calculated based on the number of authorized shares for the year 2017 and 2016. Moreover, average capital for the year 2017 has been calculated after restructuring the Company's capital according to the requirements of International Accounting Standard No. (33).

23. Cash and Cash Equivalent

This item consists of the following:

	2017	2016
	JD	JD
Cash on hand and at banks	3,085,648	623,529
<u>Less:</u> Deposit maturing after more than three months	(3,000,000)	-
	<u>85,648</u>	<u>623,529</u>

24. Related Party Transactions and Balances

The following are the details of balances and transactions with related parties (Companies and institutions represented by the Board of Directors):

<u>Statement of Income Items:</u>	<u>For the Year Ended December 31,</u>	
	2017	2016
	JD	JD
End-of-service indemnity *	33,339	144,780
Executive management's salaries and benefits	284,250	236,731
Board of Directors' transportation	42,083	13,000
Recovered end-of-serviced indemnity paid **	-	(57,750)

* This item represents the amounts paid as end -of-service indemnity and non-recurring.

** This item represents the recovered end-of-service indemnity paid and non-recurring.

- The Board of Directors decided not to pay any remunerations for any one member of the Board of Directors for the years 2017 and 2016.

25. Operating Sectors

a. Information about the Company's Activities

The Company conducts one type of activity- i.e. provision of medical care.

b. Geographical Distribution

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

26. Lawsuits against the Company

Lawsuits against the Company amounted to JD 124,527 as of December 31, 2017 (as of December 31, 2016, JD 157,840). In the opinion of the Company's management and its legal advisor, most of these lawsuits are going to be adjusted in favor of the Company.

- There are lawsuits filed by the Company against others of JD 8,278,724 as of December 31, 2017 (JD 8,155,017 December 31, 2016,). The lawsuits are still pending at the courts.

- A case was filed by the Company at the Tax Court of First Instance under No. 1176/2017 on October 12, 2017. The case relates to preventing sales tax on patients services of JD 129,867, for the years 2013 and 2014, including service tax, fine twice the tax amount, and penalties. In the opinion of the Company's, management and tax advisor, there is no need to take a provision for this lawsuit because the imposed amount is unlawful and is based on incorrect judgements by the Income Tax and Sales Department.

27. Contingent Liabilities

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

- Performance guarantees of JD 34,000 with cash margins of JD 30,400.
- Solar power projects of JD 2,460,000 related to the Murabaha Investment of the Arab International Islamic Bank.
- Main hospital building expansion with a total cost of JD 2,951,000.
- Contingent liabilities against unpaid shares in the capital of Madrid Housing and Real Estate Company Ltd of JD 30,000.

28. Contra Accounts

Doctors' fees amounted to JD 1,100,00 as of December 31, 2017. In this respect, the Hospital, under no legal obligation, collects these fees on behalf of the doctors. Consequently, this amount is shown as a contra account in the financial statements. Pursuant to the Board of Directors' decision in its meeting held on December 21, 2017, receivables for doctors of approximately JD 2,300,000 relating to old debts was transferred to off-statement of financial position items.

29. Risk Management

a. Capital Risk Management

The Company manages its risk to make sure it is able to continually maximize the return to stakeholders by achieving an optimal balance between liabilities and shareholders' equity.

The Company follows a policy of maintaining a safe debt-equity ratio, so that total liabilities do not exceed the Company's capital, as follows:

	December 31,	
	2017	2016
	JD	JD
Total liabilities	8,927,610	6,710,543
Total shareholders' equity	14,969,372	10,617,666
Ratio of liabilities to shareholder's equity%	60%	63%

b. Liquidity Risk

Liquidity risk, also known as financing risk, is the risk representing the difficulty the Company faces in making available the necessary funds to meet its financial obligations. Moreover, the Company manages liquidity risk by maintaining reserves, continuously monitoring the actual cash flows, and matching the maturities of financial assets with those of financial liabilities as follows:

	December 31,	
	2017	2016
	JD	JD
Current assets	6,829,717	2,886,128
Current liabilities	(5,525,398)	(2,962,288)
Net surplus/(deficit) in working capital	1,304,319	(76,160)

c. Credit Risk

Credit risk relates to the failure of other parties to fulfill their contractual obligations, thus causing losses to the Company. Moreover, the Company follows a policy of dealing with credit worthy parties to minimize the risk of financial loss arising from defaults.

The Company's assets are mainly receivables, checks under collection, and cash at banks. They do not represent an important concentration in credit risk. Debtors are also widely distributed among customers and over geographical locations, and strict credit control is directly maintained over the credit limits of each client separately.

d. Market Risk

Market risk relates to losses due to market price fluctuations, including interest rates and foreign currency exchange rates, and consequently, the fair value of cash flow of financial instruments off-and on-the statement of financial position.

1. Foreign Currency Risk

Foreign currency transactions are recorded in Jordanian Dinar at the exchange rate prevailing on the transaction date. Assets and liabilities denominated in foreign currencies are translated into Jordanian Dinar at the exchange rates prevailing at the statement of financial position date, and the exchange difference arising therefrom is taken to the statement of income and comprehensive income.

2. Interest Rate Risk

Interest rate risk relates to the change in the value of the financial instrument as a result of changes in market interest rates.

The Company monitors its interest rate risk, and various matters, such as financing and renewing current financial positions are evaluated.

The below mentioned analysis is determined according to the exposure to interest rate risk relating to the deposits at banks as of the financial statements date. Furthermore, the analysis has been prepared assuming that the obligation amount at the financial statement date was outstanding during the whole year. An increase or decrease of 1% is used:

	For the Year Ended December 31,			
	2017		2016	
	+ 1%	- (1)%	+ 1%	- (1)%
	JD	JD	JD	JD
Profit (loss) for the year	(69,359)	69,359	(39,805)	39,805

30. Fair Value Levels

We believe that the book value of financial assets and liabilities stated in the Company's financial statements approximate their fair value due to their short-term maturity or interest rates being repriced during the year.

31. Application of new and revised International Financial Reporting Standards (IFRS)

31.a New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2017, have been adopted in these financial statements.

Amendments to IAS 12 Income Taxes Recognition of Deferred Tax Assets for Unrealised Losses

The Company has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Company's financial statements.

Amendments to IAS 7 Disclosure Initiative

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Company's liabilities arising from financing activities consist of finance lease contracts (note 14). A reconciliation between the opening and closing balances of these items. Consistent with the transitional provisions of the amendments, the Company has not disclosed comparative information for the prior period. Apart from the additional disclosure in (note 14), the application of these amendments has had no impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12

The Company has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective, and they have not been adopted early by the Group.

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Company's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

31.b New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28

The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

Annual Improvements to IFRS Standards 2015–2017

The improvements include the amendments on IFRS 3, IFRS 11, IAS 12 and IAS 23 and they are effective for annual periods beginning on or after January 1, 2018.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The interpretation is effective for annual periods beginning on or after January 1, 2018.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1, 2019.

Amendments to IFRS 2 Share Based Payment

The amendments are related to classification and measurement of share based payment transactions, and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts

The amendments relate to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard, and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 40 Investment Property

Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 28 Investment in Associates and Joint Ventures

The amendments relate to long-term interests in associates 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 form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The Amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Company will apply IFRS 16 starting from the effective date. Moreover, the Company is in the process of evaluating the impact of IFRS 16 on the Company's financial statements.

Amendments to IFRS 9 Financial Instruments

The amendments relate to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The Amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39. However, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The Company adopted IFRS 9 (phase 1) issued in 2009 related to the classification and measurement of financial assets. Moreover, the Company will adopt the finalised version of IFRS 9 from the effective date of January 1, 2018, apply it retrospectively, and recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings as of January 1, 2018.

The Company is continuing to analyze the impact of the changes and currently does not consider it likely the standard will have a major impact from its adoption. This assessment is based on currently available information and is subject to changes that may arise when the Company presents its first financial statements as of December 31, 2018 including the effects of application of the standard from the effective date.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

The Company intends to adopt the standard using the cumulative effect approach, which means that the Company will recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application. The Company is continuing to analyze the impact of the changes, and their impact will be disclosed in the first financial statements as of December 31, 2018 that includes the effects of application of the standard from the effective date.

Amendments to IFRS 15 Revenue from Contracts with Customers

The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transitional relief for modified contracts and completed contracts.

The amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 7 *Financial Instruments: Disclosures*

The amendments are related to disclosures about the initial application of IFRS 9. The amendments are effective when IFRS 9 is first applied

IFRS 7 *Financial Instruments: Disclosures*

The amendments relate to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The amendments are effective when IFRS 9 is first applied

IFRS 17 *Insurance Contracts*

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of January 1, 2021.

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)*

The amendments relate to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

The amendments effective date is deferred indefinitely, and the adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable; and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16 as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning from January 1, 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning from January 1, 2019.