

شركة المجموعة الاستشارية  
الاستثمارية المساهمة العامة المحدودة

الرقم : 2019/61/13/5  
التاريخ : 2019/4/15

للمرسل

\* بديهة عان

السيد

السادة هيئة الأوراق المالية المحترمين

السيد

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تحية طيبة وبعد

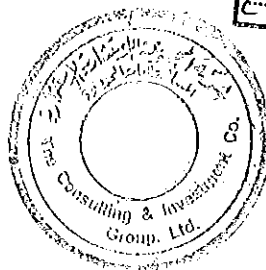
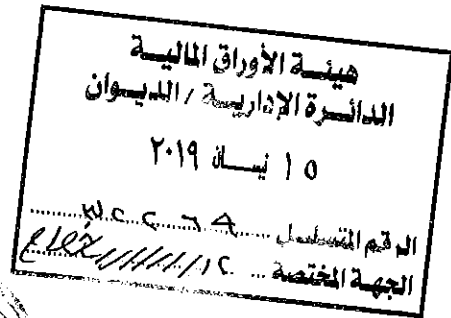
مرفق طيه البيانات المالية السنوية باللغة الإنجليزية كما بتاريخ 2018/12/31 لشركة  
المجموعة الاستشارية الاستثمارية المساهمة العامة المحدودة.

وتفضلوا بقبول فائق الاحترام

المدير العام

الدكتور موسى صالح

د. موسى



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

FINANCIAL STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2018

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, 2018

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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 Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of the Consultant and Investment Group Company (Public Limited Shareholding Company), which comprise the consolidated statement of financial position as of December 31, 2018, and the consolidated statement of income and consolidated comprehensive income, consolidated statement of changes in shareholders' equity and the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 consolidated 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.

#### Other Matter

The accompanying consolidated financial statements are a translation of the consolidated financial statements, which are in the Arabic Language to which references should be made.

## Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### **Adequate Provision for Credit Losses on Financial Assets      Scope of Audit to Address the Risks**

Account receivables' and financial assets are a major part of the Company's current assets. Due to the importance of the judgments used in the preparation of the estimation and future expectation set forth in International Financial Reporting Standard (9) and the related provision requirements, they have been considered as key audit risks.

The Company's management exercises significant judgment and uses assumptions to determine both the timing and amount of provision to be recorded as expected credit losses.

The Company's total financial assets subject to the above standard amounted to about JD 5.7 million, and the related provision for expected credit losses amounted to JD 918 thousand as of December 31, 2018.

We have understood the Company's key operations, which used in the preparation of the assumption and estimation mentioned in the International Financial Reporting Standards (9).

We have also read out the Company's expected credit loss provisioning policy in relation to International Financial Reporting Standard (9) and the regulatory directives. Furthermore, we have understood the methodology used by the Company to determine the provisions against exposures classified for each class. The reasonableness of the underlying assumptions, the adequacy of the data used by the Company, and the use of experts were appropriate to satisfy ourselves about these data.

We have selected a sample of account receivables' to review the following:

- The completeness of account receivables' included in the calculation process of expected credit loss.
- The appropriateness of the Company's determination of the significant increase in credit risk and the basis for the classification of exposures into different stages.
- The appropriateness of determining exposure when default occurs and the probability of default and loss in the event of default in the calculation of the expected credit loss of a sample of exposures.

## Scope of Audit to Address the Risks

- Reviewed and understood the policy used by the Company which depend on the simplified approach and its appropriateness with IFRS (9).
- Management estimates for the expected future cash flow and its reasonableness and the result from of the provision calculation.

The important accounting policies and accounting estimates are presented in Notes (2), (3), (9) and (12) in the consolidated financial statements.

## Other Information

Management is responsible for other information. Other information consist of information provided in the annual report other than the consolidated financial statements and the related auditor's report. We expect that the annual report will be provided to us at a later date of our report. Our opinion on the consolidated financial statements does not include other information and we do not express any type of assertion or conclusion about it.

Regarding the audit of the consolidated financial statements it is our responsibility to read the above mentioned information when it becomes available to us, assessing whether the other information is not materially consistent with the consolidated financial statements or information obtained through our audit or that other information includes material misstatement.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Consolidated Financial Statements**

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

As part of an audit in accordance with 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 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 of most significance in the audit of the consolidated financial statements of the current year, and are therefore, the 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 duly organized and in line with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Amman - Jordan  
March 31, 2019

  
Deloitte & Touche (M.E.) - Jordan

**Deloitte & Touche (M.E.)**  
ديلويت آند توش (الشرق الأوسط)  
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THE CONSULTANT AND INVESTMENT GROUP COMPANY  
(PUBLIC LIMITED SHAREHOLDING COMPANY)  
AMMAN - JORDAN  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		December 31,	
	Note	2018	2017
		JD	JD
<b>NON-CURRENT ASSETS:</b>			
Property and equipment - net	5	19,772,924	15,540,821
Project under construction	6	832,837	90,918
Advance payments to purchase medical equipment	7	1	1,417,751
Deferred tax assets	17/A	89,250	2,775
Total Non-Current Assets		<u>20,695,012</u>	<u>17,052,265</u>
<b>CURRENT ASSETS:</b>			
Medicine and medical supplies	8	1,228,451	1,237,094
Receivables - net	9	2,657,911	2,035,750
Other debit balances	10	1,012,657	461,260
Checks under collection - short term	11	46,918	24,965
Cash on hand and at banks	12	<u>1,355,641</u>	<u>3,085,648</u>
Total Current Assets		<u>6,301,578</u>	<u>6,844,717</u>
<b>TOTAL ASSETS</b>		<u><u>26,996,590</u></u>	<u><u>23,896,982</u></u>
<b><u>SHAREHOLDERS' EQUITY AND LIABILITIES</u></b>			
<b>SHAREHOLDERS' EQUITY:</b>			
Paid-up capital	13/A	14,445,000	13,500,000
Statutory reserve	13/B	445,750	362,012
Retained earnings	13/A	<u>683,380</u>	<u>1,107,360</u>
Total Shareholders' Equity	15	<u>15,574,130</u>	<u>14,969,372</u>
<b>LIABILITIES:</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Long-term liabilities against finance lease contracts	14	<u>5,380,229</u>	<u>3,402,212</u>
Total Non - Current Liabilities		<u>5,380,229</u>	<u>3,402,212</u>
<b>CURRENT LIABILITIES:</b>			
Accounts payable		2,321,453	1,145,186
Short-term liabilities against finance lease contracts	14	910,568	623,721
Provision for claims	16	401,785	401,785
Other credit balances	15	2,408,425	3,354,706
Income tax provision	17/B	-	-
Total Current Liabilities		<u>6,042,231</u>	<u>5,525,398</u>
<b>TOTAL LIABILITIES</b>		<u>11,422,460</u>	<u>8,927,610</u>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<u><u>26,996,590</u></u>	<u><u>23,896,982</u></u>

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

THE CONSULTANT AND INVESTMENT GROUP COMPANY  
(PUBLIC LIMITED SHAREHOLDING COMPANY)  
AMMAN - JORDAN  
CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

	Note	For the Year Ended	
		December 31,	
		2018	2017
		JD	JD
Operating revenue	18	15,837,653	15,090,483
Cost of revenue	19	<u>(12,058,590)</u>	<u>(12,083,715)</u>
Gross Profit		3,779,063	3,006,768
General and administrative expenses	20	(2,681,271)	(2,278,419)
Provision/surplus for doubtful debts	9 & 12	(80,945)	220,450
Finance costs		(385,206)	(369,553)
Marketing expenses		(61,938)	(89,819)
Other revenue - net	21	<u>267,681</u>	<u>375,658</u>
Income for the Year before Tax		837,384	865,085
Income tax expense / tax benefit	17/C	<u>31,500</u>	<u>(188,017)</u>
Income for the Year / Total Comprehensive Income for the Year		<u><u>868,884</u></u>	<u><u>677,068</u></u>
Earnings per share for the year - Basic and diluted	22	<u><u>-/060</u></u>	<u><u>-/057</u></u>

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## (PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-up Capital	Statutory Reserve	Retained Earnings		Total
			Realized	Unrealized	
<u>For the Year Ended December 31, 2018</u>	JD	JD	JD	JD	JD
Balance at the beginning of the year	13,500,000	362,012	1,104,585	2,775	14,969,372
The effect of applying IFRS (9)	-	-	(264,126)	-	(264,126)
Adjusted balance for the beginning of the year	13,500,000	362,012	840,459	2,775	14,705,246
Total comprehensive income for the year	-	-	868,884	-	868,884
Increase in capital (Note 13/A)	945,000	-	(945,000)	-	-
Transferred to reserve	-	83,738	(83,738)	-	-
Balance at the End of the Year	14,445,000	445,750	680,605	2,775	15,574,130
<u>For the Year Ended December 31, 2017</u>					
Balance at the beginning of the year	9,825,362	275,503	326,009	190,792	10,617,666
Paid-up capital (Note 13/A)	3,674,638	-	-	-	3,674,638
Total comprehensive income for the year	-	-	677,068	-	677,068
Transfer during the year	-	-	188,017	(188,017)	-
Transferred to reserve	-	86,509	(86,509)	-	-
Balance at the End of the Year	13,500,000	362,012	1,104,585	2,775	14,969,372

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

	Note	For the Year Ended	
		December 31,	
		2018	2017
		JD	JD
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Income for the year before tax		837,384	865,085
Adjustments:			
Depreciation of property and equipment	5	793,386	621,183
Provision/ (surplus) in the provision for doubtful debts-net	9 & 12	80,945	(220,450)
Employees' vacations provision	15	16,089	60,554
End-of-service indemnity provision	15	21,793	33,339
Finance costs		385,206	369,553
Loss (gain) on sale of property and equipment	21	2,288	(1,724)
Net Cash Flows from Operating Activities before Changes in Working Capital Items		2,137,091	1,727,540
Decrease (increase) in medicine and medical supplies		8,643	(259,332)
(Increase) in receivables		(1,047,161)	(920,857)
(Increase) decrease in checks under collection		(21,953)	34,588
(Increase) in other debit balances		(614,869)	(115,419)
Increase in accounts payable		1,114,237	122,311
(Decreases) increase in other credit balances		(939,941)	2,039,727
Net Cash Flows from Operating Activities before Provision Paid for Employees' Vacation		636,047	2,628,558
Employees' vacations provision paid	15	(26,231)	(36,108)
End-of-service indemnity provision paid	15	(3,658)	(17,001)
Income tax paid	17	-	(31,222)
Net Cash Flows from Operating Activities		606,158	2,544,227
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
(Purchase) of property and equipment	5	(921,572)	(1,620,249)
Proceeds received from sale of property and equipment		-	1,726
Decrease (increase) in advances for purchase of property and equipment		62,029	(1,417,750)
(Increase) in project under construction	6	(3,430,373)	(396,387)
Decrease (increase) in deposit at bank		1,793,145	(3,000,000)
Net Cash Flows (used in) Investing Activities		(2,496,771)	(6,432,660)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Finance lease contracts and loans received		2,490,750	325,117
Finance lease contracts and loans paid		(225,886)	(279,650)
Capital increase payment		-	3,674,638
Finance costs paid		(290,189)	(369,553)
Net Cash Flows from Financing Activities		1,974,675	3,350,552
Net Increase (Decrease) in Cash and Cash Equivalent during the Year		84,062	(537,881)
Cash and cash equivalent - beginning of the year		85,648	623,529
Cash and Cash Equivalent - End of the Year	23	169,710	85,648
<b>None cash transactions:</b>			
Increase in capital by capitalizing retained earnings		945,000	-
Transferred from projects under construction for property and equipment		2,688,454	-

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

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

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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 includes carrying out industrial constructions, conducting commercial agencies, and investing in commercial and financial projects and setting up and managing projects related to healthcare, real estate, housing and buildings or industrial and commercial markets of all types and 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 consolidated financial statements were approved by the Board of Directors on March 28, 2019.

2. Basis of Preparation of the Consolidated Financial Statement

- The accompanying consolidated 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 consolidated 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 in preparing the consolidated financial statements for the current year are consistent with those applied in the year ended December 31, 2017 except for the effect of applying the new and adjusted standards as mentioned in Note (3-A) and (3-B).

#### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary and controlled by the Company.

Control is achieved when the Company:

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

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

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- Potential voting rights held by the Company.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Company's accounting policies.

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

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, the gain or loss on disposal recognised in income statement is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

The company owns as of December 31, 2018 Mutamaiyzah Hospital Management Company for managing hospitals (subsidiary company) as follows:

<u>Paid-up Capital</u>	<u>Percentage of Ownership</u>	<u>Industry of the Company</u>	<u>Location</u>	<u>Acquisition / Inception Date</u>
JD	%			
15,000	100	Commercial	Jordan	September 15, 2011

The following most significant financial information for the Mutamaiyzah Hospital Management Company as of December 31, 2018:

<u>December 31, 2018</u>		<u>For the Year Ended December 31, 2018</u>	
<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Revenues</u>	<u>Total Expenses</u>
JD	JD	JD	JD
19,560	-	24,592	18,252

The following are the most significant accounting policies used:

#### **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 consolidated 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.

#### **Financial Assets**

The financial assets are recognized when the asset becomes a party to the contractual matters of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (except for financial assets at fair value through statement of income) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

Later, all recognized financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### **Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value.

#### **Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.



#### Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in consolidated statement of income.

#### Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

#### Provision for expected credit loss

The Company has adopted the simplified approach to recognize expected credit losses over the life of its receivables as permitted by IFRS (9). Accordingly, non-impaired trade receivables that do not contain a significant financing component have been classified as part of stage 2 with the recognition of expected credit losses over their lifetime.

A provision for the expected credit loss should be recognized over the life of the financial instrument if the credit risk on that financial instrument increases substantially since the initial recognition and the expected credit loss is an expected weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the expectation of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is objective evidence of impairment on an individual basis for each asset of individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

#### Write off

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 24 months past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of income.

#### Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

When derecognition of a financial asset measured at amortised cost, the difference between the assets's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of income.

#### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through statement of income.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Trade and other payables classified as "financial liabilities" are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised based on effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate to a shorter period.

#### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised consolidated statement of income.

#### **Medicine and Medical Supplies**

The medicine and medical supplies are shown in cost (According to the weighted average method) or the net amount whichever is lower after deducting the provision of the expired items or absolute.

#### **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.

#### **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.

#### **Revenue recognition**

The Company recognizes revenue mainly from sale of goods.

Revenue is measured based on the consideration to which the company expects to be entitled (net after returns and discounts) in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer, being when the goods have been shipped to the specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

If customers have a right of return. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return so consequently recognizes a right to returned goods asset and a corresponding adjustment to cost of sales. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent level of returns over previous years.

For certain customers, the goods are sold with discounts retroactively on the basis of (12) months of total sales. Revenue of these sales is recognized based on the price specified in the contract less estimated discounts. The Company uses its accumulated historical experience to estimate discounts and the revenue is recognized to the extent that it is probable that there will be no material reversal. Liabilities for discounts on payments to customers are recovered in respect of sales made during the year.

The Company account for consideration payable to a customer (listing fee and promotional expenses) which occur in conjunction with purchase of goods from the Company as a reduction of the transaction, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company.

### **Income tax**

- Income tax expenses represent accrued taxes and deferred taxes.
- 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, 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 in Jordan.
- Deferred taxes are taxes expected to be paid or recovered as a result of the temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value on the basis of which taxable income is calculated, Moreover, deferred taxes are calculated based on the liability method in the consolidated statement of financial position according to the tax rates expected to be applied upon the settlement of the tax liability or realization of the deferred tax assets.
- Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case no benefit is expected to arise therefrom, partially or totally.

### **Interest Income / Expense**

Interest income and expense for all financial instruments are recognized in the consolidated statement of income using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

### **Foreign Currencies**

For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in the functional currency of the Company, and the presentation currency for the consolidated financial statements.

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in consolidated statement of income in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to consolidated statement of income on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in a separate component of equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest become a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Company are reclassified to consolidated statement of income.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interest and are not recognised in consolidated statement of income. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to consolidated statement of income.

### **Fair value**

Fair value is defined as the a price at which an asset is to be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or whether it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Company takes into consideration when determining the price of any asset or liability whether market participants are required to take these factors into account at the measurement date. The fair value of the measurement and / or disclosure purposes in these financial statements is determined on the same basis, except for measurement measures that are similar to fair value procedures and are not fair value such as fair value as used in IAS (36.)

In addition, fair value measurements are classified for the purposes of financial reporting to level (1) or (2) or (3) based on the extent to which the inputs are clear to fair value measurements and the importance of inputs to the full fair value measurements, which are identified as follows:

Input Level (1) inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that the enterprise can obtain on the measurement date;

Input level (2) inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly; and;  
Input level (3) are inputs to assets or liabilities that are not based on quoted market prices.

#### **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

#### **Annual Vacation Provision**

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

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### **The Company as lessor**

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### **The Company as lessee**

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### **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. Application of new and revised International Financial Reporting Standards  
a. Amendments with no material effect on the consolidated financial statements of the Company:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2018 or thereafter in the preparation of the Company's consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

<b>New and revised standards</b>	<b>Amendments to new and revised IFRSs</b>
<b>Annual improvements to IFRSs issued between 2014 and 2016.</b>	Improvements include amendments to IFRS (1) <i>"Application of International Standards for the First Time"</i> and IAS 28 <i>"Investments in Associates and Joint Ventures (2011)"</i> .

The amendments clarify that the option of investment and other similar enterprises to measure investments in associates and joint ventures at fair value through statement of income is available separately for each associate or joint venture and that the selection should be made at initial recognition.

As for the option of an entity which is not an investment property, the fair value measurement applied by the associate and the joint venture that are an investment property shall be maintained when applying the equity method. The amendments provide a similar clarification that this option is available to each associate of an investment nature or a joint venture with an investment nature.

**IFRIC 22: *"Foreign currency transactions and advances"*.**

This interpretation deals with how to determine the "date of the transaction" for the purpose of determining the exchange rate to be used at the initial recognition of the asset, expense, or income when it is taken into account that this is paid or received in advance by a foreign currency that results in the recognition of non-monetary assets or non-monetary liabilities.

The interpretation determines that the transaction date is the date on which the non-monetary assets or non-monetary liabilities arising from the payment or receipt of payments are recognized in advance. If multiple payments or receipts are received in advance, the interpretation requires the Company to determine the transaction date for each payment or receipt of the cash consideration in advance.

This Interpretation relates to transactions made in foreign currency or parts of such transactions in the event that:

- A consideration in foreign currency or priced in foreign currency exists;
- An entity recognizes an asset that has been paid in advance or deferred income liabilities related to that consideration on a date prior to the recognition of the relevant assets, income, or expenses; and
- Prepaid assets or deferred income liabilities are not cash.

New and revised standards	Amendments to new and revised IFRSs
<b>Amendments to IAS 40: "Investment properties".</b>	The amendments indicate that transfers to or from real estate investments require an assessment of whether the properties meet or no longer meet the definition of real estate investments and are backed up by observable evidence of a change in use. The amendments also indicate that the cases included in the standard are not comprehensive and that a change in use can be made with respect to the properties under construction (i.e. the change in use is not limited to completed properties)
<b>Amendments to IFRS 2 "Share-based Payment".</b>	<p>These amendments relate to the classification and measurement of share-based payment transactions. These amendments clarify the following:</p> <ol style="list-style-type: none"> <li>1. When estimating the fair value of a payment on the basis of shares paid in cash, accounting for the effects of the accrual and non-accrual provisions should be accounted for based on the same method used for share-based payments.</li> <li>2. If the tax law/ laws require the Company to keep a certain number of equity instruments equal to the monetary value of the employee's tax liability to meet his tax obligations and then transfer it to the tax authority (usually cash), i.e. the share-based payment arrangement has a "net settlement feature", this entire arrangement should be classified as a payment from equity, provided that the share-based payment may be classified as payment from equity even if the settlement feature was not included in the net.</li> <li>3. The share-based payment adjustment should be accounted for to modify the transaction from a cash payment to a share-based payment as follows: <ol style="list-style-type: none"> <li>a. Abrogation of the original obligation;</li> <li>b. Recognition of the share-based payment at the date of adjusting the fair value of the granted equity instrument to the extent that the services have been performed up to the date of the adjustment; and</li> <li>c. Recognition of any difference between the present value of the liability at the date of the adjustment and the amount recognized in equity in the statement of income</li> </ol> </li> </ol>
<b>Amendments to IFRS 4: "Insurance contracts".</b>	These amendments relate to the difference between the effective date of IFRS 9 and the new standard for insurance contracts.
<b>Amendments to IFRS 15 "Revenue from Contracts with Customers".</b>	These amendments relate to the clarification of three aspects of the standard (determination of performance obligations, client versus agent considerations, and licensing) and some transitional exemption for modified contracts and completed contracts.



**b. Amendments with material effect on the consolidated financial statements of the Company:**

**IFRS (9) "Financial Instruments"**

IFRS (9) was issued in November 2009, and new requirements for the classification and measurement of financial assets were introduced. Subsequently, the Standard was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and the derecognition of financial liabilities. The Standard was amended in November 2013 to include new requirements for general hedge accounting. An amended version of the Standard was issued in July 2014 to include: (a) the requirements for impairment of financial assets; and (b) limited adjustments to the classification and measurement requirements by introducing the "fair value through other comprehensive income" category of some simple debt instruments.

IFRS (9) "*Financial Instruments*" issued by the International Accounting Standards Board (IASB) was adopted in July 2014. The initial date of implementation of this standard was December 1, 2018. The application of IFRS (9) led to changes in the accounting policies and amendments to the previously recognized amounts in the financial statements.

As required by the transitional provisions of IFRS (9), the Company has not restated the comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities have been recognized on the date of transition in the opening balances of retained earnings and non-controlling interests for the current period. The Company has also chosen to continue to apply the accounting requirements of IAS 39 "*Financial Instruments: Recognition and Measurement*", concerning the application of IFRS (9).

IFRS (9) has resulted in changes in the accounting policies for the identification, classification, and measurement of financial assets and liabilities and the impairment in value of financial assets. IFRS (9) also modifies other standards that address financial instruments such as IFRS 7 "*Financial Instruments: Disclosures*".

The final version of IFRS (9) includes the accounting requirements for financial instruments and supersedes IAS 39 "*Recognition and Measurement*". The new version of the standard includes the following requirements:

**Classification and Measurement:**

Financial assets are classified based on the business model and contractual cash flow characteristics. The 2014 version provides a new classification of certain debt instruments that could be classified as "financial assets at fair value through other comprehensive income". The financial liabilities are classified similarly to IAS (39), but there are differences in the requirements applied to the measurement of credit risk relating to the entity.

**Impairment:**

The 2014 version provided the "expected credit loss" model to measure the impairment loss of financial assets, and therefore, it is not necessary to increase the credit risk before recognizing the credit loss.

**Hedge accounting:**

The 2014 version provided a new model for hedge accounting designed to be more appropriate with how an entity manages risk when exposed to financial and non-financial hedging risks.

**Derecognition:**

The requirements for derecognition of financial assets and financial liabilities have been followed in accordance with IAS (39).

The details of the accounting policies adopted by the Company and the significant estimates used by the Company's management in accordance with IFRS (9) as set out and applied in the current period are stated in Notes (2) and (4). The disclosure regarding the impact of the adoption of the IFRS 9 on the Company is as follows:

Item	Balance as of January 1, 2018	Impact of Expected Credit Loss	Balance as of January 1, 2018
	JD	JD	JD
Trade receivables	4,507,758	(275,000)	4,232,758
Deferred tax assets	2,775	10,874	13,649
Retained earnings	1,107,360	(264,126)	843,234

The following is the effect of application of IFRS (9) on the opening balance of provision:

	Provision Balance as of January 1, 2018	Impact of Expected Credit Loss	Provision Balance as of December 31, 2018
	JD	JD	JD
Provision for expected credit loss	473,325	275,000	748,325

**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 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 has adopted IFRS (15) using the cumulative effect approach. Accordingly, the Company did not adjust the comparative figures until December 31, 2017 as previously recorded, and did not have an impact on the opening balances of the current retained earnings. Details of the Company's accounting policies were disclosed in detail in note (2) above.

**c. New and revised IFRS in issue but not yet effective and not early adopted**

The Company has not adopted the following new and amended IFRSs issued but not yet effective as of the date of the consolidated financial statements with its details as follows:

<b>New and revised IFRS</b>	<b>Amendments to new and revised IFRSs</b>
Annual Improvements to IFRS Standards for financial statement issued in 2015 - 2017 (Effective form on January 1, 2019).	The annual Improvements includes Amendments to IFRS (3) " <i>Business Combinations</i> ", IFRS (11) " <i>Joint Arrangements</i> ", IAS (12) " <i>Income Taxes</i> " and IAS (23) " <i>Borrowing Costs</i> ."
IFRIC 23 Uncertainty over Income Tax Treatments (Effective form on January 1, 2019).	<p>The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS 12 and specifically addresses:</p> <ul style="list-style-type: none"><li>• whether the tax treatment should be considered in aggregate:</li><li>• assumptions regarding the procedures for the examination of tax authorities:</li><li>• determine taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates:</li><li>• The impact of changes in facts and circumstances.</li></ul>
IFRS (16) " <i>Leases</i> " (Effective form on January 1, 2019).	IFRS (16) defines how the preparer of the reports can recognize, measure, display and disclose lease contracts. The Standard also provides a separate accounting model for tenants that requires the lessee to recognize the assets and liabilities of all lease contracts unless the lease is (12) months or less or the asset is of low value. Lenders continue to classify leases as operating or financing leases. The approach of IAS (16) on accounting of lessors has not changed significantly from IAS (17).
Amendments in IFRS (9) " <i>Financial Instruments</i> " (Effective form on January 1, 2019).	These amendments are related to Prepayment Features with Negative Compensation. The current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or, based on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.
Amendments to IAS (28) " <i>Investment in Associates and Joint Ventures</i> " (Effective form on January 1, 2019).	These amendments relate to long-term shares in associates and joint ventures. These amendments clarify that an entity applies IFRS (9) "Financial Instruments" to long-term shares in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.
Amendment to IAS (19) " <i>Employee Benefits</i> " (Effective form on January 1, 2019).	These amendments are related to amendment, curtailment or settlement of a defined benefit plan.

New and revised IFRS	Amendments to new and revised IFRSs
Amendment to IAS (1) " <i>Presentation of financial statement</i> " (Effective form on January 1, 2020)	These amendments are related to definition of material.
Amendment to IFRS 3 " <i>Business Combinations</i> " (Effective form on January 1, 2020).	These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure.  In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 34, 37 and 38) and IFRIC 12, Interpretation 19, Interpretations (20 and 22) and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a reference to Different from the conceptual framework.
IFRS (17) " <i>Insurance Contracts</i> " (Effective form on January 1, 2022).	It provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS (17) replaces IFRS (4) Insurance Contracts.  IFRS (17) requires measurement of insurance liabilities at the present value of the liability.
Amendments to IFRS (10) Consolidated Financial Statements and IAS (28) " <i>Investments in Associates and Joint Ventures</i> (2011)"  (Effective date deferred indefinitely. Adoption is still permitted.)	These amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Management expects to apply these new standards, interpretations and amendments to the financial statements of the Company when they are applicable and the adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Company in the initial period of application except for the effect of the adoption of IFRS (16), shown below:

#### **Effect of Application of IFRS 16 "Leases"**

The Standard provides a comprehensive model for determining and treating lease arrangements in the consolidated financial statements of both lessors and lessees. It will also replace IAS (17) "Leases" and related interpretations when they become effective for financial periods beginning on or after January 1, 2019.

As permitted by the transitional provisions of IFRS (16), the Company has not restated the comparative figures. Any changes in the carrying amounts of assets and liabilities have been recognized on the transition date in the opening balances of the related balances.

There is no material difference between the accounting treatment in the lessor's books and IFRS (16) and IAS (17).

The change in the definition of the lease relates mainly to the concept of control. IFRS (16) distinguishes between leases and service contracts based on whether the customer controls the use of a specific asset, and the control is present if the customer has:

- The right to a substantial degree of all economic benefits arising from the use of specific assets; and
- The right to direct the use of this asset.

#### Effect on accounting treatment in the lessee's records

##### Operating leases

Under IAS (16), the accounting treatment of leases previously classified as operating leases in accordance with IAS (17) has been changed. They used to be classified as off-balance sheet items in the consolidated statement of financial position.

In the initial application of IFRS 16 (except as referred to below), the Company will undertake the following for all leases:

- a. Recognition of "right of use" assets and lease commitments in the consolidated statement of financial position, initially measured on the basis of the present value of future cash flows paid.
- b. Recognition of the depreciation of "right of use" assets and interest on lease commitments in the consolidated statement of income.
- c. Separation of the total amount of cash paid into a principal portion (shown under financing activities) and interest (presented under operating activities) in the consolidated statement of cash flows.

For short-term leases (12 months or less) and low-value asset leases (such as personal computers and office furniture), the Company will choose to recognize rental expenses on a straight-line basis as permitted by IFRS (16).

Based on the estimates of the company's management, that the application of the IFRS (16) is immaterial and will not be reflected in company's financial statements as all rent contracts are considered as short-term contract and will be automatically renewed on an annually basis.

The leases provision prescribed by IAS (17) will be derecognized.

Recognition of lease obligation incentives previously recognized in respect of operating leases will be derecognized, and the amount will be factored into the measurement of the leasehold assets and liabilities.

Under IAS (17), all lease payments relating to operating leases are recognized as part of the cash flows from operating activities. The effect of the changes under IFRS (16) will be to reduce cash generated from operating activities and increase the net cash used in financing activities with the same amount.

## **Finance Leases**

The main differences between IFRS (16) and IAS (17) with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS (16) requires that the Company recognize as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS (17). On initial application, the Company will present the related asset previously included in the financial statements within the line item for right-of-use assets, and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on analysis of the Company's finance leases as at December 31, 2018 in light of the facts and circumstances existing at that date, the Company's Board of Directors and Management deem that this change will not affect the amounts recognized in the Company's financial statements.

### **Impact on Lessor Accounting**

Under IFRS (16), a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular, regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS (16), an intermediate lessor accounts for the head lease and the sublease as two separate contracts.

The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS (17)).

Because of this change, the Company will reclassify certain sublease agreements as finance leases. As required by IFRS (9), an allowance for expected credit losses will be recognized on the finance lease receivables. The leased assets will be derecognized and finance lease asset receivables recognized. This change in accounting will change the timing of recognition of the related revenue (recognized in finance income).

The Company's management expects that IFRS (16) will be adopted in the Company's consolidated financial statements in the period starting on January 1, 2019.

## **4. Significant Accounting Judgments and Key Sources of Uncertainty**

The preparation of the consolidated financial statements and the adoption of accounting policies requires the management to make judgments, estimates and assumptions that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. These estimates and judgments also affect revenues, expenses and provisions in general and expected credit losses. In particular, the Company's management is required to make judgments to estimate the amounts and timing of future cash flows. These mentioned estimates are based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Actual results may differ from estimates as a result of changes in these conditions and circumstances in the future.

Judgments, estimates and assumptions are reviewed periodically. The effect of the change in estimates is recognized in the financial period in which the change has occurred and only if the change affects the same financial period. Moreover, the effect of the change in estimates is recognized in the financial period in which the change has occurred and in future periods in case the change affects the financial period and future financial periods.

Management believes that its estimates in the consolidated financial statements are reasonable. The key estimates used by management in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

#### Useful life of tangible assets and intangible assets

The management periodically re-estimates the useful life of tangible assets and intangible assets for the purpose of calculating the annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the consolidated statement of income for the year.

#### Income tax

The fiscal year is charged its related income tax expense in accordance with the regulations, laws and accounting standards. The deferred taxes and income tax provision are calculated and recognized.

#### Lawsuit provision

A provision is booked to meet any potential litigation obligations based on the legal study prepared by the Company's legal counsel that identifies potential risks in the future and periodically reviews the study.

#### Assets and liabilities presented at cost

Management reviews the assets and liabilities at cost periodically for the purpose of estimating any impairment in value, any impairment loss is recognized in the consolidated statement of income for the year.

#### Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Company uses available observable market data. In case of the absence of level 1 inputs, the Company conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

#### Calculation of provision for expected credit losses

The management is required to use important judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of significant increase in credit risk for financial assets after the initial recognition and future measurements information for expected credit losses.

The expected credit loss is measured as an allowance equivalent to the expected credit loss over the life of the asset.

#### Determining the number and relative weight of forward looking scenarios for each type of products / market and the identification of future information relevant to each scenario

When measuring the expected credit loss, the Company uses reasonable and reliable future information based on the assumptions of the future movement of the various economic factors and how these economic factors affect each other.

#### Probability of default

The probability of default is a key input in measuring the expected credit loss. The probability of default is considered an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions and expectations relating to future circumstances.

#### Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financier expects to collect, taking into account cash flows from collaterals and credit adjustments.

#### Revenue recognition

The Company's management uses significant estimates and assumptions to determine the amount and timing of revenue recognition under IFRS 15, "Revenue from contracts with customers".

# 5. Property and Equipment - Net

2018	Lands *	Buildings and Main		Machinery and Medical Equipment	Furniture, Fixtures and Decoration	Computers and Electronic Equipment		Vehicles		Elevators and Buildings		Solar Panels		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:														
Balance at the beginning of the year	7,354,406	8,310,965	9,429,966	1,984,388	1,712,560	1,084,458	-	196,072	1,084,458	-	-	-	-	30,072,815
Additions	479,325	2,513	279,065	33,071	89,021	38,577	-	-	38,577	-	-	-	-	921,572
Disposals	-	-	(8,245)	-	-	-	-	-	-	-	-	-	-	(8,245)
Transfers from projects under construction Note (6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from payments to purchase medical equipment **	-	-	1,417,751	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the year	7,833,731	8,313,478	11,118,537	2,017,459	1,801,581	1,123,035	-	196,072	1,123,035	-	-	2,688,454	-	35,092,347
Accumulated Depreciation:														
Balance as of the beginning of the year	-	1,806,077	8,844,327	1,714,818	1,520,526	454,034	-	192,212	454,034	-	-	-	-	14,531,994
Depreciation for the year	-	166,232	253,745	59,593	69,099	145,482	-	3,520	145,482	-	-	95,715	-	793,386
Disposals	-	-	(5,957)	-	-	-	-	-	-	-	-	-	-	(5,957)
Balance at the end of the year	-	1,972,309	9,092,115	1,774,411	1,589,625	599,516	-	195,732	599,516	-	-	95,715	-	15,319,423
Net Book Value as of December 31, 2018	7,833,731	6,341,169	2,026,422	243,048	211,956	523,519	-	340	523,519	-	-	2,592,739	-	19,772,924
2017														
Cost:														
Balance at the beginning of the year	6,341,905	8,310,965	8,982,583	1,912,752	1,666,867	445,408	-	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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the year	7,354,406	8,310,965	9,429,966	1,984,388	1,712,560	1,084,458	-	196,072	1,084,458	-	-	-	-	30,072,815
Accumulated Depreciation:														
Balance at the beginning of the year	-	1,639,866	8,672,031	1,656,659	1,430,034	366,564	-	188,691	366,564	-	-	-	-	13,953,845
Depreciation for the year	-	166,211	215,330	58,159	90,492	87,470	-	3,521	87,470	-	-	-	-	621,183
Disposals	-	-	(43,034)	-	-	-	-	-	-	-	-	-	-	(43,034)
Balance at the end of the year	-	1,806,077	8,844,327	1,714,818	1,520,526	454,034	-	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	630,424	-	3,860	630,424	-	-	-	-	15,540,821
Annual Depreciation Rate %	-	2	10 - 20	12	12 - 33	10 - 20	-	15	10 - 20	-	-	-	15	-

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

\*\* According to receiving committee, the medical equipment's were received on December 31, 2018, accordingly and were not depreciated during the year 2018.

- Property and equipment includes fully depreciated assets of JD 10,597,981 as of December 31, 2018.



6. Projects under Construction

This item represents the following projects:

1. Solar power project: The project is done and has been capitalized on the property and equipment during the last quarter of the year 2018 with a total cost amounted JD 2,688,454.
2. Expansion of the main building of the hospital project: The project was 1% completed as of December 31, 2018 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,	
	2018	2017
	JD	JD
Balance-beginning of the year	90,918	333,581
Additions during the year	3,430,373	396,387
Transferred to property and equipment - Note (5)	(2,688,454)	(639,050)
Balance-End of Year	832,837	90,918

7. Advance Payment to Purchase Medical Equipment

This item represents:

	December 31,	
	2018	2017
	JD	JD
Advance payment to purchase medical equipment	441,186	1,858,937
Provision for advance payment to purchase medical equipment *	(441,185)	(441,185)
	1	1,417,751

- \* 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.

	2018	2017
	JD	JD
Beginning balance	1,858,937	411,186
Additions	-	1,417,751
Transfers to property and equipment	(1,417,751)	-
Ending balance	441,186	1,858,937

- \* According to the receiving committee in December 31, 2018 the medical equipment were received amounted JD 1,417,751 and it was transferred to property and equipment at year end, noting that these amounts will be settled through cash payment and deferred checks.

8. Medicine and Medical Supplies

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Main medical warehouse	427,393	565,426
Pharmacy warehouse	152,217	123,239
Medical supplies warehouse	113,493	137,351
Floors and department warehouse	258,906	251,970
Medical spare parts warehouse	60,109	59,295
Other warehouses	216,333	99,813
	<u>1,228,451</u>	<u>1,237,094</u>

9. Receivables - Net

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Receivables	4,507,758	2,819,159
<u>Less:</u> discounts allowable	(952,868)	(310,084)
Provision for doubtful debts **	(896,979)	(473,325)
	<u>2,657,911</u>	<u>2,035,750</u>

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

	2018	2017
	JD	JD
Balance - beginning of the year	310,084	-
Additions during the year	642,784	310,084
Balance - End of the Year	<u>952,868</u>	<u>310,084</u>

\*\* The movement on the provision for expected credit losses during the year is as follows:

	2018	2017
	JD	JD
Beginning balance	473,325	4,334,300
Effect of applying IFRS (9)	275,000	-
Adjusted balance	748,325	-
Additions during the year	150,000	-
Written off debts	-	(140,044)
Debts settled during the year/no longer needed	(51,346)	(220,450)
Transferred receivables to off balance sheet items	-	(3500,481)
Balance at the End of the Year	<u>896,979</u>	<u>473,325</u>

#### 10. Other Debit Balances

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Earned revenue-unissued patients invoices	364,139	187,369
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	99,229
Prepared expenses	288,826	148,010
Refundable deposits	40,350	38,850
Outstanding billings	-	17,229
Other	319,342	54,801
	<u>1,523,712</u>	<u>957,314</u>
Less: Provision for payments on account of purchasing computer programs	(284,150)	(284,150)
Provision for payments on account of purchasing an electric generator	(99,229)	(99,229)
Provision for patients' deposits difference *	<u>(127,676)</u>	<u>(127,676)</u>
	<u>1,012,657</u>	<u>446,260</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,	
	2018	2017
	JD	JD
Short-term checks under collection*	46,918	24,965
	<u>46,918</u>	<u>24,965</u>

- \* The maturity date of these checks extends up to the end of the year 2019.

#### 12. Cash on Hand and at Bank

This item represents:

	December 31,	
	2018	2017
	JD	JD
Cash on hand	10,034	57,456
Cash at banks	159,676	28,192
Deposit *	1,206,855	3,000,000
Total	1,376,565	3,085,648
Less: Provision for expected credit loss	<u>(20,924)</u>	<u>-</u>
	<u>1,355,641</u>	<u>3,085,648</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, 2018.

The movement on the provision of the expected credit loss on the cash in banks is as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year	-	-
The effect of applying IFRS (9)	46,876	-
The adjusted balance at the beginning of the year	46,876	-
(surplus) expected credit loss	(25,952)	-
Balance at the year end	20,924	-

### 13. Shareholders' Equity

#### a. Capital, premium and retained earnings

During the year 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.

The General Assembly approved on April 26, 2018 to increase the company's capital to become 14,445,000 through caponizing an amount of JD 945,000 of retained earnings, and distributing it as shares to the shareholders based on their owning percentages. The Company completed the capital increase procedures on June 12, 2018.

#### 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,	
	2018	2017
	JD	JD
Liabilities against short-term finance lease contracts - Islamic Arab Bank, solar power	274,212	-
Liabilities against short-term finance Lease contracts - Islamic Arab Bank	683,795	671,160
Short-term land ownership transfer fees	(47,439)	(47,439)
	<u>910,568</u>	<u>623,721</u>
Liabilities against long-term finance lease contracts - Islamic Arab Bank, solar power	2,170,843	-
Liabilities against long-term finance lease contracts - Islamic Arab Bank	3,474,254	3,714,519
Long-term land ownership transfer fees	(264,868)	(312,307)
	<u>5,380,229</u>	<u>3,402,212</u>
	<u>6,290,797</u>	<u>4,025,933</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 is 6.5% of the lease principal. Moreover, the varied margin for the first year is 1%, and the lease return amount was JD 277,680 for the year ended December 31, 2017.

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

The movement on the loan and liabilities against the finance lease for the years 2018 and 2017 is as follows:

	2018	2017
	JD	JD
Beginning balance	4,025,933	3,980,466
Loans and financing lease received	2,490,750	325,117
Loans and financing lease paid	(225,886)	(279,650)
Balance at the End of the Year	<u>6,290,797</u>	<u>4,025,933</u>

15. Other Credit Balances

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Shareholders' deposits-fractional shares - Note (13)	143,610	153,277
Vacation provision *	196,511	206,653
Accrued salaries and expenses	189,600	177,930
Provision for potential claims	21,069	62,827
Electromechanical contractors' retentions	86,550	86,550
Patients' deposits	276,292	68,019
Stamp fees deposits	69,495	69,495
Social security deposits	80,371	76,563
End-of-service indemnity provision **	71,729	53,594
Postponed checks	1,049,545	2,301,909
Income tax deposits	19,207	20,735
Other	204,446	77,154
	<u>2,408,425</u>	<u>3,354,706</u>

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

	2018	2017
	JD	JD
Balance at the beginning of the year	206,653	182,207
Additions during the year	16,089	60,554
<u>Less: Paid during the year</u>	<u>(26,231)</u>	<u>(36,108)</u>
Balance at the End of the Year	<u>196,511</u>	<u>206,653</u>

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

	2018	2017
	JD	JD
Balance at the beginning of the year	53,594	37,256
Additions during the year	21,793	33,339
<u>Paid during the year</u>	<u>(3,658)</u>	<u>(17,001)</u>
Balance at the End of the Year	<u>71,729</u>	<u>53,594</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. The details of deferred tax assets are as follows:

	For the Year Ended December 31, 2018						December 31, 2017	
	Balance at the Beginning of the Year	Effect of applying IFRS (9)	Adjusted balance - year beginning	Added Amounts	Written off amounts	Year End Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD	JD	JD
Included accounts								
Deferred Tax assets:								
Provision for expected credit loss	473,325	275,000	748,325	150,000	(51,346)	896,979	89,250	-
Acceptable taxable accumulated losses	-	-	-	-	-	-	-	2,775
	<u>473,325</u>	<u>275,000</u>	<u>748,325</u>	<u>150,000</u>	<u>(51,346)</u>	<u>896,979</u>	<u>89,250</u>	<u>2,775</u>

- The Company's income tax is 20%, however, the Company booked the deferred tax assets for the year 2018 using 21% which is considered the enacted tax rate starting from that year.

b. Income tax provision

- The movement on the income tax provision is as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year	-	31,222
Income tax for the year	-	-
Tax paid during the year	-	(31,222)
Ending Balance	-	-

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

	2018	2017
	JD	JD
Deferred tax assets	89,250	(188,017)
Income tax/Tax benefits	89,250	(188,017)

\*\*\* Reconciliation of the accounting profit and the taxable profit is as follows:

	2018	2017
	JD	JD
Accounting profit	837,484	865,085
Non-taxable expenses	198,249	75,000
Tax profit	1,035,633	940,085
Income Tax Rate	20%	20%

A final settlement has been reached with the Income and Sales Tax Department until the end of the year 2015. Moreover, the tax returns for the years 2016 and 2017 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:

	2018	2017
	JD	JD
Room fees	1,632,562	1,693,930
Medical supplies	3,785,858	3,597,315
Medical procedures	3,513,521	3,654,913
Pharmacy	3,199,143	3,039,556
Other departments	3,706,569	3,104,769
	15,837,653	15,090,483



19. Cost of Revenue

This item consists of the following:

	2018	2017
	JD	JD
Wages and salaries and related	3,894,840	4,002,409
Social security	494,399	482,288
Medicine and medical supplies	3,667,485	3,655,091
Electricity and water	945,014	1,038,658
Depreciation of property and equipment	670,850	490,171
Cleaning	292,584	332,948
Maintenance	224,666	279,068
Food	323,820	299,148
Consumables	779,181	821,132
Cafeteria expense	49,942	22,753
Fuel	155,706	118,694
Rent	334,147	327,462
Incendiary expenses	28,186	42,373
Revenue stamps	27,342	22,427
Real estate tax	20,627	20,197
Government fees	93,639	78,882
Other	56,162	50,014
	<u>12,058,590</u>	<u>12,083,715</u>

20. General and Administrative Expenses

This item consists of the following:

	2018	2017
	JD	JD
Salaries, wages, and benefits	1,353,206	962,845
Social security	148,977	101,523
End-of-service indemnity	38,741	33,339
Computer and program expense	9,552	17,841
Stationery and printing	3,600	54,568
Recruitment expense	33,170	41,691
Depreciation of property and equipment	122,535	131,012
Security and sentry	59,318	55,650
Maintenance	160,800	296,952
Professional fees	51,936	71,394
Insurance	116,137	130,345
Advertisements and subscriptions	36,773	48,442
Postage and telephone	28,898	32,807
Legal fees	21,586	33,077
BOD transportation	50,000	42,083
Employees' vacation expenses	16,089	60,554
Rent expense	30,664	30,360
Other	399,288	133,936
	<u>2,681,271</u>	<u>2,278,419</u>

21. Other Revenue - Net

This item consists of the following:

	2018	2017
	JD	JD
Rent	214,443	135,893
Car parking income	58,592	53,029
(Loss) gain from selling property and equipment	(2,288)	1,724
Other (losses)	(3,066)	185,012
	<u>267,681</u>	<u>375,658</u>

## 22. Earnings per Share - Basic and Diluted

This item consists of the following:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Income for the year	868,884	677,068
	Share	Share
Weighted average number of shares	14,445,000	11,902,185
	JD/Share	JD/Share
Earnings per share for the year relating to the Company's shareholders-Basic and diluted	0.060	0.057

- 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 2018 and 2017. Moreover, average capital for the year 2018 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:

	2018	2017
	JD	JD
Cash on hand and at banks	1,376,565	3,085,648
<u>Less:</u> Deposit maturing after more than three months	(1,206,855)	(3,000,000)
	169,710	85,648

## 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>	For the Year Ended December 31,	
	2018	2017
	JD	JD
End-of-service indemnity *	21,793	33,339
Executive management's salaries and benefits	306,000	284,250
Board of Directors' transportation	50,000	42,083

- \* This item represents the amounts paid as end -of-service indemnity 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 2018 and 2017.

## 25. Operating Sectors

### a. Information about the Company's Activities

The Company conducts one type of activity such as 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, 2018 (as of December 31, 2017, 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, 2018 (JD 8,155,017 December 31, 2017). 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 consolidated statement of financial position as follows:

- Performance guarantees of JD 34,000 with cash margins of JD 30,400.
- Main hospital building expansion with a total cost of JD 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 1,100,000 as of December 31, 2018. 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 for the shareholders (calculates by evaluating the total liabilities to the total shareholder's equity rights) so that total liabilities do not exceed the Company's capital, as follows:

	December 31,	
	2018	2017
	JD	JD
Total liabilities	11,422,460	8,927,610
Total shareholders' equity	15,574,130	14,969,372
Ratio of liabilities to shareholder's equity%	73%	60%

**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,	
	2018	2017
	JD	JD
Current assets	6,301,579	6,829,717
<u>Less: Current liabilities</u>	<u>(6,042,231)</u>	<u>(5,525,398)</u>
Net surplus in working capital	259,348	1,304,319

The Company manages liquidity risk through diversifying its sources of finance, managing assets and liabilities and monitoring their maturities, securing a suitable source of finance at the proper time to match the liabilities.

**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,			
	2018		2017	
	+1%	- ( 1)%	+ 1%	- ( 1 )%
	JD	JD	JD	JD
Profit	62,908	(62,908)	69,359	(69,359)

### 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.